

START THE WEEK WITH...

Alain Juppé's
sea of troubles

David Buchan, Page 21

Currency boards:
lessons of history

Samuel Brittan, Page 20

Surveys: Colombia
and Finland

Sections III and IV

Merce Cunningham's
digital dancing

Media Futures, Page 14

World Business Newspaper

MONDAY OCTOBER 9 1995

D8523A

Blow for Major as former minister defects to Labour



Former British Conservative minister Alan Howard (left), who defected to the opposition Labour party at the weekend, said yesterday that as many as 40 Tory MPs shared his feeling that the party had drifted too far to the right. Mr Howard's defection - the first time a Conservative MP has switched

straight to Labour - delivered a severe blow to prime minister John Major just before the Tories' annual conference and cut his House of Commons majority to just seven. Page 22; Defectors to Labour, Page 8; Editorial comment, Page 21

Bomb blast in Paris A bomb exploded on a deserted railway line in a western Paris suburb - the latest in a spate of bombings which have killed seven people in France since July. As police began probing the latest attack, it emerged that President Jacques Chirac received a letter two months ago in which the Algerian anti-government Armed Islamic Group claimed responsibility. Page 22

Battle for Aran The fight for control of Irish oil exploration group Aran Energy looks likely to turn into an auction this week. A higher offer expected from Atlantic Richfield of the US may be topped by Norway's state oil company Statoil. Page 23

Norway, Iceland want to join Schengen Norway and Iceland want to join Europe's frontier-free zone by joining the Schengen agreement. Neither is a European Union member and EU rules would normally exclude them. But exceptions could be made to preserve the deal which has made Norway, Finland, Sweden, Denmark and Iceland a frontier-free zone for four decades. Page 22

Bata executives resign in row Three senior executives have quit Canadian-based Bata, one of the world's biggest shoemakers, after strategy differences with Tom Bata, the octogenarian whose family owns the company. Page 23

Israel frees prisoners Israel freed one Palestinian woman from jail, but others due for release under the Israel-PLO accord remained behind bars after refusing to promise not to take guerrilla action against Israel. Meanwhile the PLO's Palestinian Authority freed senior Hamas leader Mahmoud al-Zahar, jailed in June after attacks on Israelis.

Russian prosecutor quits President Boris Yeltsin accepted the resignation of Alexei Ilyushenko, Russia's top prosecutor. Ilyushenko had drawn widespread criticism and parliament had refused to confirm his appointment. Page 2

Caspian oil compromise Oil companies developing Azerbaijan's offshore Caspian fields will today announce a compromise deal on transporting the oil. Part will be piped through Russia and part through Georgia. Page 2

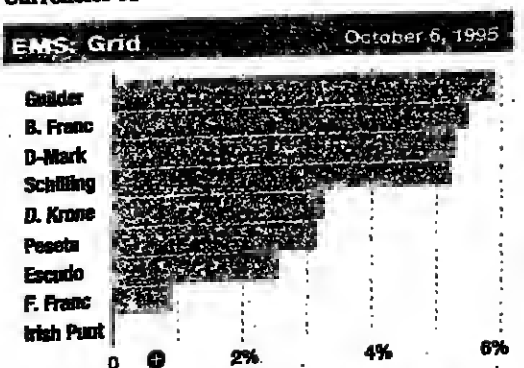
China protests over trade claim Beijing accused the US of exaggerating its trade deficit with China and demanded Washington rectify what it called distortions. The US said its 1994 deficit was \$30bn while China argued its surplus that year was \$7.4bn. Page 3

Mid-East bank on track Principles for setting up a Middle East and North Africa development bank are expected to be set out in Amman at the end of this month despite European Union scepticism. Page 4

Japan braces for resignations Japan is braced for resignations today. Daiwa Bank executives are expected to take responsibility for ¥110bn (\$1.1bn) in bond losses in New York, and the country's justice minister is likely to quit for allegedly borrowing from a Buddhist group. Page 5

Circus leaves town A Russian circus stranded in the southern Philippines without money is going home, having lived on Filipino charity for seven months after a dispute with a promoter. A Russian cargo aircraft is due to fly performers and animals home on Thursday.

European monetary system The main development in the EMS last week was the sharp fall in the French franc which forced the Bank of France to take measures to defend it. Against a general backdrop of D-Mark strength, the spread between strongest and weakest currencies in the grid widened. The only change to the order was the Danish Krone and Spanish peseta swapping places. Currencies 31



The chart shows the member currencies of the exchange rate mechanism measured against the weakest currency in the system. Most of the currencies are permitted to fluctuate within 15 per cent of agreed central rates against the other members of the mechanism. The exceptions are the D-Mark and the quidder which move in a 2.25 per cent band.

Austria	Sch 135	Greece	Dr 160	Malta	Lm 0.80	Cyprus	CyP 13.00
Belgium	Bfr 120	Hong Kong	HK\$ 80	Morocco	Mdh 16	S. Arabia	Sfr 11
Denmark	Dkr 100	Italy	Lira 200	Norway	Nkr 4.75	Singapore	S\$ 4.30
France	FFr 100	Japan	Yen 100	Poland	Pln 40	Slovakia	S\$ 10
Germany	DM 100	South Korea	Won 100	Portugal	Pt\$ 200	Slovenia	S\$ 10
Greece	Dr 160	Taiwan	N\$ 100	Romania	Lei 100	S. Africa	R12.00
Ireland	Ir£ 100	Thailand	Baht 100	Russia	Rub 100	Spain	Pes 160
Italy	Lira 200	UK	£ 100	S. Korea	Won 100	Sweden	Skr 100
Japan	Yen 100	USA	\$ 100	Turkey	Lira 100	Switzerland	Sfr 100
South Korea	Won 100			UAE	Dir 100		
Taiwan	N\$ 100						
Thailand	Baht 100						
UK	£ 100						
USA	\$ 100						

IMF set to get more crisis cash

By Robert Chote, George Graham and John Gapper in Washington

The Group of Ten leading industrial nations yesterday proposed a plan which would allow the International Monetary Fund to borrow an extra \$25bn to cope with a Mexico-style financial crisis.

The G10 proposal followed a meeting of G7 finance ministers and central bank governors at which they signalled a readiness to intervene again in the foreign exchange markets to achieve a stronger dollar.

The G7 statement may not prove sufficient to stop the dollar coming under renewed selling pressure when markets re-open today.

"I doubt by itself it is going to discourage people about taking a rather dim view of the dollar and non-German European currencies," said Mr Steve Hannah, head of research at IBI International in London.

The IMF's policymaking interim committee yesterday discussed the G10 proposal and was expected to support it. Informal approaches will then be made to potential participants, most of which would be developing countries with healthy balances of payments and foreign exchange reserves.

At the heart of the proposal by the G10 finance ministers and central bank governors is a plan to expand the "general arrangements to borrow" through which the IMF can already borrow about \$25bn from the G10 mem-

Group of Seven finance ministers back further intervention to support dollar

changes, if scepticism about the extent of G7 commitment to a stronger dollar was not to deepen further.

Intervention, however, may be some time in coming. Central banks are unlikely to buy the dollar until the market has shown some sign that it is ready to push the currency higher. Yesterday, Mr Lamberto Dini, Italian prime minister, said concerted G7 action to strengthen the dollar against the yen "is not currently under consideration".

But Mr Robert Rubin, US Treasury secretary, hinted at the weekend at the possibility of further co-ordinated central bank support: "We are prepared to co-operate with other countries as we have done in the past".

Analysts said the statement would soon need to be backed up by concerted central bank intervention, and suitable policy

tier structure risks distinguishing between the "aristocracy" of the G10 and the "proletariat" outside.

A communiqué issued after the G7 meeting welcomed "the orderly reversal in the movements of the major currencies" and said G7 ministers and governors would welcome a continuation of these trends consistent with underlying economic fundamentals. "They reaffirmed their commitment to reduce imbalances and to co-operate closely in exchange markets," it added.

Analysts said the statement would soon need to be backed up by concerted central bank intervention, and suitable policy

tier structure risks distinguishing between the "aristocracy" of the G10 and the "proletariat" outside.

A communiqué issued after the G7 meeting welcomed "the orderly reversal in the movements of the major currencies" and said G7 ministers and governors would welcome a continuation of these trends consistent with underlying economic fundamentals. "They reaffirmed their commitment to reduce imbalances and to co-operate closely in exchange markets," it added.

Analysts said the statement would soon need to be backed up by concerted central bank intervention, and suitable policy

tier structure risks distinguishing between the "aristocracy" of the G10 and the "proletariat" outside.

A communiqué issued after the G7 meeting welcomed "the orderly reversal in the movements of the major currencies" and said G7 ministers and governors would welcome a continuation of these trends consistent with underlying economic fundamentals. "They reaffirmed their commitment to reduce imbalances and to co-operate closely in exchange markets," it added.

Analysts said the statement would soon need to be backed up by concerted central bank intervention, and suitable policy

tier structure risks distinguishing between the "aristocracy" of the G10 and the "proletariat" outside.

A communiqué issued after the G7 meeting welcomed "the orderly reversal in the movements of the major currencies" and said G7 ministers and governors would welcome a continuation of these trends consistent with underlying economic fundamentals. "They reaffirmed their commitment to reduce imbalances and to co-operate closely in exchange markets," it added.

Analysts said the statement would soon need to be backed up by concerted central bank intervention, and suitable policy

tier structure risks distinguishing between the "aristocracy" of the G10 and the "proletariat" outside.

A communiqué issued after the G7 meeting welcomed "the orderly reversal in the movements of the major currencies" and said G7 ministers and governors would welcome a continuation of these trends consistent with underlying economic fundamentals. "They reaffirmed their commitment to reduce imbalances and to co-operate closely in exchange markets," it added.

Analysts said the statement would soon need to be backed up by concerted central bank intervention, and suitable policy

tier structure risks distinguishing between the "aristocracy" of the G10 and the "proletariat" outside.

A communiqué issued after the G7 meeting welcomed "the orderly reversal in the movements of the major currencies" and said G7 ministers and governors would welcome a continuation of these trends consistent with underlying economic fundamentals. "They reaffirmed their commitment to reduce imbalances and to co-operate closely in exchange markets," it added.

Analysts said the statement would soon need to be backed up by concerted central bank intervention, and suitable policy

tier structure risks distinguishing between the "aristocracy" of the G10 and the "proletariat" outside.

A communiqué issued after the G7 meeting welcomed "the orderly reversal in the movements of the major currencies" and said G7 ministers and governors would welcome a continuation of these trends consistent with underlying economic fundamentals. "They reaffirmed their commitment to reduce imbalances and to co-operate closely in exchange markets," it added.

Analysts said the statement would soon need to be backed up by concerted central bank intervention, and suitable policy

tier structure risks distinguishing between the "aristocracy" of the G10 and the "proletariat" outside.

A communiqué issued after the G7 meeting welcomed "the orderly reversal in the movements of the major currencies" and said G7 ministers and governors would welcome a continuation of these trends consistent with underlying economic fundamentals. "They reaffirmed their commitment to reduce imbalances and to co-operate closely in exchange markets," it added.

Analysts said the statement would soon need to be backed up by concerted central bank intervention, and suitable policy

tier structure risks distinguishing between the "aristocracy" of the G10 and the "proletariat" outside.

A communiqué issued after the G7 meeting welcomed "the orderly reversal in the movements of the major currencies" and said G7 ministers and governors would welcome a continuation of these trends consistent with underlying economic fundamentals. "They reaffirmed their commitment to reduce imbalances and to co-operate closely in exchange markets," it added.

Analysts said the statement would soon need to be backed up by concerted central bank intervention, and suitable policy

tier structure risks distinguishing between the "aristocracy" of the G10 and the "proletariat" outside.

A communiqué issued after the G7 meeting welcomed "the orderly reversal in the movements of the major currencies" and said G7 ministers and governors would welcome a continuation of these trends consistent with underlying economic fundamentals. "They reaffirmed their commitment to reduce imbalances and to co-operate closely in exchange markets," it added.

Analysts said the statement would soon need to be backed up by concerted central bank intervention, and suitable policy

Eurotunnel may seek guarantees from UK and France

By Andrew Jack in Paris

Eurotunnel, operator of the Channel tunnel, is considering calling on the French and UK governments to provide sovereign guarantees for at least part of its \$1.2bn debt.

It is also contemplating legal action against both governments if they fail to come up with measures to improve its competitive position in the cross-Channel battle with the ferry operators.

The options are being considered as Eurotunnel prepares a restructuring plan which it aims to present to its 225 banks by the end of January. Its financial crisis has forced it to suspend interest payments.

Mr Patrick Ponsolle, joint chairman of Eurotunnel, said the company would use "every means to seek compensation" in view of what he saw as unfair competition with the ferry companies over safety issues, duty-free sales and the bureaucracy of the inter-governmental commission which regulates Eurotunnel.

Commenting on current discussions with the two governments, Mr Ponsolle said Eurotunnel was not asking for taxpayers' money or government subsidy. But he added: "There are many ways in which they could help us to achieve a Triple A rating by restoring a proper balance".

He and Sir Alastair Morton, Eurotunnel's other chairman, had been talking to the two governments since the spring. "I think we are beginning to be heard, maybe even understood."

He estimated the chances of success of the restructuring plan at one in two, which he said was "sufficiently realistic to be worth fighting for". If it failed, he said, the alternative would be "a massive surgical act such as a large debt-for-equity swap".

Mr Ponsolle warned that shareholders may yet be required to suffer more pain as part of the plan, but only after others - creditor banks, contractors, national railway companies and governments - had done so.

He also called "inadmissible" a clause in the original 1987 contract, giving Eurotunnel the right to operate the channel tunnel concession, which demands a 2 per cent cut in real terms each year in fees levied on the national railway companies.

The railways needed to keep second class fares at the lower levels recently introduced to maximise passenger numbers, but he said they could still afford a 50-60 per cent increase in the fee currently levied by Eurotunnel on each passenger.

Eurostar to Brussels, Page 17
Banks count the cost, Page 23
Ponsolle looks to long term, Page 25

US and Russia remain split on Bosnia peace plan

By George Graham in Washington, Bruce Clark in London and agencies

The US and Russia yesterday made progress but failed to bridge their differences over enforcing a peace settlement in Bosnia. Mr William Perry, the US defence secretary, said in Geneva.

A ceasefire was still expected to begin in Bosnia tomorrow, despite Mr Perry's failure, at a meeting with General Pavel Grachev, his Russian counterpart, to resolve longer-term issues over Moscow's role in implementing a peace plan.

Ministers from the Group of Seven leading industrial nations meeting in Washington at the weekend called for a study of the costs of reconstruction in Bosnia once a peace plan has been agreed by the warring parties.

There were reports of fresh fighting yesterday in central and northern Bosnia. In the worst single attack on Moslem civilians since August, at least six people were killed and 30 wounded near the UN safe area of Tuzla when a refugee camp was hit by a cluster bomb.

After the attack, Mr Haris Silajdzic, Bosnian prime minister, threatened to call off negotiations with the Serbs. He said if there were no international response to Serb attacks, then "I think there is no point to negotiations".

But, in Sarajevo, the Bosnian capital, preparations were under way to restore gas and electricity, in line with the conditions laid down for the Bosnia-wide ceasefire which is due to start just after midnight tonight.

EU looks to boost Balkan role, Page 2
Editorial Comment, Page 21

US and Russia remain split on Bosnia peace plan

By George Graham in Washington, Bruce Clark in London and agencies

The US and Russia yesterday made progress but failed to bridge their differences over enforcing a peace settlement in Bosnia. Mr William Perry, the US defence secretary, said in Geneva.

A ceasefire was still expected to begin in Bosnia tomorrow, despite Mr Perry's failure, at a meeting with General Pavel Grachev, his Russian counterpart, to resolve longer-term issues over Moscow's role in implementing a peace plan.

Ministers from the Group of Seven leading industrial nations meeting in Washington at the weekend called for a study of the costs of reconstruction in Bosnia once a peace plan has been agreed by the warring parties.

There were reports of fresh fighting yesterday in central and northern Bosnia. In the worst single attack on Moslem civilians since August, at least six people were killed and 30 wounded near the UN safe area of Tuzla when a refugee camp was hit by a cluster bomb.

After the attack, Mr Haris Silajdzic, Bosnian prime minister, threatened to call off negotiations with the Serbs. He said if there were no international response to Serb attacks, then "I think there is no point to negotiations".

But, in Sarajevo, the Bosnian capital, preparations were under way to restore gas and electricity, in line with the conditions laid down for the Bosnia-wide ceasefire which is due to start just after midnight tonight.

EU looks to boost Balkan role, Page 2
Editorial Comment, Page 21

US and Russia remain split on Bosnia peace plan

By George Graham in Washington, Bruce Clark in London and agencies

The US and Russia yesterday made progress but failed to bridge their differences over enforcing a peace settlement in Bosnia. Mr William Perry, the US defence secretary, said in Geneva.

Milan warrants threaten big Italian merger

By Robert Graham in Rome

The controversial merger to form Italy's second largest private group has been thrown in doubt following the issue of court warrants to investigate ten executives over the alleged falsifying of accounts in Gemina, the main vehicle for the transaction.

The warrants, formally notifying the executives of the investigation, were issued by Milan magistrates late on Saturday. Three were for the leading figures at Gemina, the quoted investment company whose shareholders comprise all Italy's traditional business dynasties.

The shareholders include Fiat, the automotive group controlled by the Agnelli family, Generali, the insurer, Mediobanca, the powerful Milan merchant bank and Pirelli, the tyre and cables group.

Consob, the stock exchange watchdog, is due to meet before the markets open this morning to decide whether to suspend Gemina shares and those of other quoted companies linked to the merger with Ferruzzi Finanziaria (Ferfin), the holding company that controls the Montedison industrial group.

The magistrates' move followed investigations into the accounts of Gemina and its subsidiaries, in particular those of the RCS publishing business, largely responsible for group losses of almost L800bn (\$496m) in the past 18 months.

Mr Giovanni Agnelli, the chairman of Fiat, which is the main Gemina shareholder, was quoted as saying: "The warrants as such do not mean very much; we must see what they are really about."

The merger, unveiled on September 1, is a complex piece of financial engineering masterminded by Mediobanca. It involves Gemina absorbing Ferfin, with Fiat also injecting four of its quoted chemicals companies into the group.

No cash is due to change hands. The new group would control Montedison and its interests would span agri-business, chemicals, concrete, clothing and publishing, with a total annual turn-

over of L800bn (\$496m) in the past 18 months.

Mr Giovanni Agnelli, the chairman of Fiat, which is the main Gemina shareholder, was quoted as saying: "The warrants as such do not mean very much; we must see what they are really about."

The merger, unveiled on September 1, is a complex piece of financial engineering masterminded by Mediobanca. It involves Gemina absorbing Ferfin, with Fiat also injecting four of its quoted chemicals companies into the group.

No cash is due to change hands. The new group would control Montedison and its interests would span agri-business, chemicals, concrete, clothing and publishing, with a total annual turn-

over of L800bn (\$496m) in the past 18 months.

Mr Giovanni Agnelli, the chairman of Fiat, which is the main Gemina shareholder, was quoted as saying: "The warrants as such do not mean very much; we must see what they are really about."

The merger, unveiled on September 1, is a complex piece of financial engineering masterminded by Mediobanca. It involves Gemina absorbing Ferfin, with Fiat also injecting four of its quoted chemicals companies into the group.

No cash is due to change hands. The new group would control Montedison and its interests would span agri-business, chemicals, concrete, clothing and publishing, with a total annual turn-

over of L800bn (\$496m) in the past 18 months.

Mr Giovanni Agnelli, the chairman of Fiat, which is the main Gemina shareholder, was quoted as saying: "The warrants as such do not mean very much; we must see what they are really about."

The merger, unveiled on September 1, is a complex piece of financial engineering masterminded by Mediobanca. It involves Gemina absorbing Ferfin, with Fiat also injecting four of its quoted chemicals companies into the group.

No cash is due to change hands. The new group would control Montedison and its interests would span agri-business, chemicals, concrete, clothing and publishing, with a total annual turn-

over of L800bn (\$496m) in the past 18 months.

Mr Giovanni Agnelli, the chairman of Fiat, which is the main Gemina shareholder, was quoted as saying: "The warrants as such do not mean very much; we must see what they are really about."

The merger, unveiled on September 1, is a complex piece of financial engineering masterminded by Mediobanca. It involves Gemina absorbing Ferfin, with Fiat also injecting four of its quoted chemicals companies into the group.

No cash is due to change hands. The new group would control Montedison and its interests would span agri-business, chemicals, concrete, clothing and publishing, with a total annual turn-

over of L800bn (\$496m) in the past 18 months.

Mr Giovanni Agnelli, the chairman of Fiat, which is the main Gemina shareholder, was quoted as saying: "The warrants as such do not mean very much; we must see what they are really about."

The merger, unveiled on September 1, is a complex piece of financial engineering masterminded by Mediobanca. It involves Gemina absorbing Ferfin, with Fiat also injecting four of its quoted chemicals companies into the group.

No cash is due to change hands. The new group would control Montedison and its interests would span agri-business, chemicals, concrete, clothing and publishing, with a total annual turn-

over of L800bn (\$496m) in the past 18 months.

Mr Giovanni Agnelli, the chairman of Fiat, which is the main Gemina shareholder, was quoted as saying: "The warrants as such do not mean very much; we must see what they are really about."

The merger, unveiled on September 1, is a complex piece of financial engineering masterminded by Mediobanca. It involves Gemina absorbing Ferfin, with Fiat also injecting four of its quoted chemicals companies into the group.

No cash is due to change hands. The new group would control Montedison and its interests would span agri-business, chemicals, concrete, clothing and publishing, with a total annual turn-

US and Russia remain split on Bosnia peace plan

By George Graham in Washington, Bruce Clark in London and agencies

The US and Russia yesterday made progress but failed to bridge their differences over enforcing a peace settlement in Bosnia. Mr William Perry, the US defence secretary, said in Geneva.

A ceasefire was still expected to begin in Bosnia tomorrow, despite Mr Perry's failure, at a meeting with General Pavel Grachev, his Russian counterpart, to resolve longer-term issues over Moscow's role in implementing a peace plan.

Ministers from the Group of Seven leading industrial nations meeting in Washington at the weekend called for a study of the costs of reconstruction in Bosnia once a peace plan has been agreed by the warring parties.

There were reports of fresh fighting yesterday in central and northern Bosnia. In the worst single attack on Moslem civilians since August, at least six people were killed and 30 wounded near the UN safe area of Tuzla when a refugee camp was hit by a cluster bomb.

After the attack, Mr Haris Silajdzic, Bosnian prime minister, threatened to call off negotiations with the Serbs. He said if there were no international response to Serb attacks, then "I think there is no point to negotiations".

But, in Sarajevo, the Bosnian capital, preparations were under way to restore gas and electricity, in line with the conditions laid down for the Bosnia-wide ceasefire which is due to start just after midnight tonight.

EU looks to boost Balkan role, Page 2
Editorial Comment, Page 21

US and Russia remain split on Bosnia peace plan

By George Graham in Washington, Bruce Clark in London and agencies

The US and Russia yesterday made progress but failed to bridge their differences over enforcing a peace settlement in Bosnia. Mr William Perry, the US defence secretary, said in Geneva.

A ceasefire was still expected to begin in Bosnia tomorrow, despite Mr Perry's failure, at a meeting with General Pavel Grachev, his Russian counterpart, to resolve longer-term issues over Moscow's role in implementing a peace plan.

Ministers from the Group of Seven leading industrial nations meeting in Washington at the weekend called for a study of the costs of reconstruction in Bosnia once a peace plan has been agreed by the warring parties.

There were reports of fresh fighting yesterday in central and northern Bosnia. In the worst single attack on Moslem civilians since August, at least six people were killed and 30 wounded near the UN safe area of Tuzla when a refugee camp was hit by a cluster bomb.

NEWS: EUROPE

Çiller bargains for MPs' backing

By John Barham in Ankara

After two arduous weeks stitching together a new Turkish government, Mrs Tansu Çiller, the prime minister, today begins another week of horse-trading in an attempt to win a parliamentary vote of confidence.

Mrs Çiller ditched her centrist ally, the Republican People's party, after two years as coalition partner in September. On Thursday, she announced a minority government consisting of her centre-right True Path party (DYP), but supported in parliament by the far-right Nationalist Action

party (MHP) and the moderate Democratic Socialist party.

These parties, with 17 and 10 seats respectively, plus the True Path's 182 members, leave Mrs Çiller needing only three more supporters in the 422-member parliament. However, most observers agree that Mrs Çiller's government will probably be short-lived and that its scope for action will be limited. The MHP and Democratic Socialists are political enemies - their gunmen fought street battles in the late 1970s - and are united only in short-term aims. True Path is rent with divisions. Rebels claim a dozen members will oppose Mrs

Çiller when the vote of confidence is taken on Sunday.

Attention this week will therefore focus on the price Mrs Çiller must pay for remaining in office. To begin with, the MHP's leader, Mr Alparslan Türkeş, a former army colonel, and the DSP's head, Mr Bülent Ecevit, a former prime minister, want the government to end a public sector strike now in its third week.

Although Mrs Çiller has gradually increased her offer to the 330,000 strikers, who are demanding large cost of living increases, she still refuses to meet their full demands. A set-

tlement will be seen as a political barometer.

According to press reports, Mr Türkeş also won demands for his followers to be appointed to senior government posts. Both he and Mr Ecevit are also believed to be demanding use of government equipment to prepare for elections that must be held within a year.

If Mrs Çiller is successful in Sunday's vote, her aims are likely to be limited to clinching a long-sought customs union with the European Union and maintaining the economy in its present state of precarious equilibrium.

True Path strategists say that conclusion of the customs union would ensure Mrs Çiller's popularity. However, the European parliament, which is to debate ratification of the customs union in mid-December, has demanded changes to Article 8 of Turkey's anti-terrorism law, which is used to suppress even non-violent expression of Kurdish nationalism.

Mrs Çiller needs only a simple majority in parliament to change Article 8. But the MHP, many True Path politicians and the conservative opposition Motherland party all object to relaxing the law.

EU looks to steer post-war relations in Balkans

By Lionel Barber in Brussels

The European Union, which has been playing second fiddle during the US-led drive to reach a settlement in Bosnia, is preparing to mount a diplomatic comeback. In the event of a ceasefire, the EU intends to push for a leading role in post-war reconstruction and fresh political and trade relations with the former Yugoslav states.

The EU initiative - which would complement Nato-led plans to implement a peace settlement between the Bosnians, Serbs and Croats - is viewed in Brussels as a litmus test of the Union's capacity to wield influence in the Balkans.

With France and Germany working in tandem, EU diplomats are confident about forging a common approach among the 15 member states and avoiding the kind of false steps made in 1991 when German pressure to recognise the breakaway republic of Croatia split the EU. However, several stumbling blocks have emerged as the initiative takes shape.

Britain would like the World Bank rather than the European Commission to co-ordinate aid to the region because the Commission's record in the Phare and Tacis programmes for post-communist eastern Europe is mixed.

The Commission suspects that the British government is pandering to Tory Eurosceptics' Brussels-phobia, but UK officials argue that the World Bank has far more experience. The issue is complicated by the Bosnian government being \$400m in arrears to the Bank.

Second, member states and the Commission are unsure about the long-term relationship between the EU and the countries of the region: Bosnia and Herzegovina, the Serb-run rump state of Yugoslavia, Croatia, the former Yugoslav republic of Macedonia and Albania.

The issue turns not only on how to deal with the Serbs, widely condemned as the original aggressor, but more broadly on how to pursue co-operation and economic reintegration without prompting suspicions that the EU is trying covertly to re-create Yugoslavia.

Mr Carl Bildt, the special EU envoy, has called for a common set of agreements among all the states of the region not covered by "Europe agreements" - the Union's accords with central European nations which offer the perspective of future EU membership.

The result would be to exclude Slovenia but include Albania in the Balkan region. This would please Austria and Germany, which see Slovenia on a fast track to membership, and would offer the EU a framework for relations with the entire Balkan region from the south of Slovenia to the north of Greece.

Without these so-called "Balkan agreements", Mr Bildt has warned, the different countries will carve out their own paths to Brussels, undermining efforts at regional co-operation and increasing efforts to create a Greater Croatia, Greater Serbia or Greater Albania.

According to Mr Bildt, the Balkan agreements would include provisions on human rights and democracy as well as far-reaching trade provisions aimed at creating a Balkan free trade area.

France and Germany are also pressing for a European "High Representative" who would be responsible for arbitration and conciliation in interpreting the peace plan.

EUROPEAN NEWS DIGEST

West German output 'to slow'

Manufacturers in western Germany expect a marked slowdown in output growth next year, according to a survey from the Munich-based Ifo economic research institute.

A poll of 350 companies, employing more than a quarter of the region's manufacturing labour force, indicated that output would grow by an average of 2 per cent next year after nearly 5.5 per cent in 1995. However, during 1996 production should exceed the previous record level reached in early 1992 before the recession of 1993.

It said the investment goods sector was expected to show the fastest output growth this year, for the first time this decade. It should continue to head the production growth league next year, albeit at a slower rate. Output of the raw material and production goods sectors would continue to grow until late 1996, when a decline is expected to set in. Output of consumer goods and consumer durables was expected to stagnate until the middle of next year, with production in labour-intensive sectors such as clothing and shoes suffering from plant closures and the transfer of production to low-cost areas abroad.

Peter Norman, Bonn

French products threatened

Italy's health ministry has suspended sales of French cosmetics, yoghurt, cheese and other foods in several cities following anonymous threats to poison the products. A Rome newspaper and health officials in the Florence area reported receiving written threats that French cosmetics and food products on store shelves in Rome and in several Tuscan cities, including Florence, would be poisoned to protest at France's recent nuclear testing in the South Pacific.

At the weekend, the health ministry said sales of the French imports would be suspended at least until October 12 to give experts a chance to test various products for tampering or poisoning. So far, no adulterated products have been found. Health officials said products whose packaging would make it impossible to tamper with in a store, such as champagne, were exempt from the order.

AP, Florence

Insolvencies high in France

European economic growth is picking up, but France remains a weak spot, according to a report released today. The survey by Cardiff-based NCM Credit Insurance, the world's leading private export credit insurer, found that the value of payments delays in the European Union had fallen by 15 per cent in the year to September, a slightly slower rate of decline than in the previous two quarters.

While the value of payments delays fell sharply in Italy, Spain and Portugal, by around 30 per cent, and by a modest 7 per cent in Germany, it rose by 3 per cent in France. The NCM survey said French insolvencies were the highest in Europe, and the negative impact of VAT increases would affect business and consumer confidence, possibly restraining growth next year. NCM figures found that exports to the EU had risen by 17 per cent over the previous 12 months, compared with a 3 per cent increase for the rest of the world, suggesting that exporters to Europe continued to benefit from competitive exchange rates.

Philip Gault, London

Horn in appeal to minister

Mr Gyula Horn, Hungarian prime minister, has refused to accept the resignation of Ms Magdolna Kovacs Kosa, labour minister, and asked her to reconsider.

Ms Kovacs Kosa, one of the cabinet's most experienced and able members, offered her resignation on Thursday after disagreeing with the finance ministry over changes in sick pay provision, part of deeply unpopular cuts in government spending. The austerity package, announced in March, has divided the ruling Socialist party and triggered the resignation of two other ministers.

Labour ministry officials said Ms Kovacs Kosa, a former communist-era trade union leader, no longer wished to be part of government decisions criticised by the constitutional court. In recent weeks, the court has thrown out several elements of the austerity package.

Virginia Marsh, Budapest

Russian prosecutor sacked

Russia's top law official, who launched criminal proceedings against a television puppet show for portraying Mr Boris Yeltsin as a tramp, has been sacked by the president. The sacked official, Mr Alexei Ilyushenko, was appointed acting prosecutor general by Mr Yeltsin in February 1994 and aroused considerable controversy in his short time as head of Russia's judicial system. He was never confirmed in his post by parliament.

The sacking was seen by journalists as a small victory for press freedom in the run-up to December's parliamentary elections in which control of the airwaves is likely to prove crucial. But media commentators balanced their praise for Mr Yeltsin's decision with a warning that other television stations were coming under government pressure.

Russian Public Television, the main television channel, has recently been criticised for scrapping a regular show in which Mr Alexander Solzhenitsyn, the Nobel prize-winning writer, aired his complaints about Russia's political leaders. The failure of legal authorities to find and prosecute the murderers of two journalists also incensed the media.

Mr Ilyushenko will temporarily be succeeded by Mr Oleg Gaidanov, a 50-year-old deputy prosecutor in charge of criminal investigations.

John Thornhill, Moscow

Austrian coalition rift deepens

Austria's coalition party leaders dropped plans to meet yesterday in a further sign of widening differences over ways to cut a huge budget deficit. The Social Democratic party (SPÖ) and its junior coalition partner, the conservative People's party (ÖVP), remained far apart over a 1996 budget agreement.

Vice-Chancellor Wolfgang Schüssel, leader of the ÖVP, warned that unless the two parties resolved the budget crisis the coalition was finished and new elections would have to be called three years ahead of schedule. The ÖVP opposes Social Democrat proposals to reduce the deficit by raising taxes and depending on one-off revenue from privatisation. Instead, the conservatives want public spending cuts, a higher retirement age and fewer subsidies to industry.

Reuter, Vienna

Debate rages over 'tentacles' of Gazprom

By John Thornhill in Moscow

Proposals from Russia's anti-monopoly committee to break up Gazprom have sparked a heated debate within the government over the fate of the country's most powerful company, which controls one-third of the world's known gas reserves.

The committee's arguments have provided ammunition for the liberal reformers who are fighting to curb Gazprom's privileged status, raise its tax contribution to the federal budget and open it up to outside scrutiny. "Gazprom is a monster which has tentacles in every corner of power," said one radical economist.

But the company, which boasts a unique legal status and maintains close ties with several senior government ministers, has been fighting an effective campaign to maintain its current structure, ensuring that the committee's recommendations are unlikely to be acted upon soon.

In an internal government report outlining how greater competition can be injected into the Russian economy, the anti-monopoly committee recommends Gazprom should be broken up into several regional production and distribution units. It argues that the current industry structure leads to inefficient allocation of resources, stifles new technologies and hampers development of other energy sectors.

This concurs with an analysis of the International Energy Agency, which recently conducted a study of the Russian energy sector and recommended further liberalisation of the gas industry. However, the IEA did not expect any significant change of Gazprom's structure over the next five years. Government ministers have argued that their priority must be to maintain gas pro-

duction. They are likely to defer any decision to restructure the gas industry until the economy has stabilised.

"We simply do not have the physical power to break up Gazprom, and radical privatisation would be a mistake before the economy is stabilised, inflation is tamed and the crisis of non-payments between companies has been resolved," said a government official.

The battle for control of Gazprom is part of a broader war being waged by the anti-monopoly committee to foster fair competition. "We are the police of Russia's new economy," said one committee official. Mr Leonid Bochin, chairman of the committee, founded by the government in 1990, said its work was changing as Russia's economy developed. The committee's original aim was to prevent Moscow's ministries, which ran the planned economy, from interfering in newly privatised companies.

"There was no competition in Russia for more than 50 years and it is a complex process to encourage it," he said. Mr Bochin said the committee now focused on controlling the "natural monopolies" - such as rail transport, gas production and distribution, and electricity supply - by restricting tariff increases. It also supervises remaining state monopolies.

The committee also regulates the advertising industry and tries to defend consumer rights. But the committee's vast workload, the lobbying power of Russia's privatised companies and the inexperience of its 300 central staff have presented Mr Bochin with a big challenge.

"Like Lomonosov [a renowned Russian scholar] we have had to create a new university to understand what is happening in the economy," said Mr Bochin.

Compromise deal today over Caspian oil route

By Steve LeVine in Baku and Bruce Clark in London

A consortium of oil companies developing Azerbaijan's offshore Caspian Sea fields will today announce a compromise decision, in line with US recommendations, to transport part of its initial output through Russia and part through Georgia.

The impending decision was confirmed by a senior government official in Baku, the Azerbaijan capital, who said: "There will be two pipelines and it will be announced on Monday."

The inclusion of a Georgian route, culminating in the Black Sea port of Batumi, reflects pressure from Washington and Ankara to send at least some oil in the direction of Turkey, in order to avoid Russian control over the flow of crude from the Caspian.

The decision on how to transport "early oil" from the Caspian, which will start flowing late next year, follows a 25-minute phone conversation last week between US President Bill Clinton and Azerbaijan's President Heydar Aliyev. Initial Caspian output will be small - about 80,000 barrels a day - but the daily figure will eventually reach about 700,000 barrels, making the sea one of the world's leading sources of energy next century.

The consortium, known as the Azerbaijan International Operating Company, includes British Petroleum, Pennzoil, Russia's Lukoil, Unocal, Turkish Petroleum, Norway's Statoil, McDermott International and Exxon.

A year ago the consortium signed an \$8bn deal with the government of Azerbaijan to exploit Caspian oil. Caspian pipelines - along with arms control, non-proliferation, and the Balkan conflict - are among many areas where Washington is seeking to clear up misunderstandings with Moscow before a meeting in New York between Mr Clinton



and President Boris Yeltsin in two weeks' time.

In his talk with Mr Aliyev, President Clinton "expressed his support for commercially viable... and multiple pipelines that would benefit the companies investing in oil development as well as all the countries of the region," a White House spokesman said.

The 1,400km Russian route - which will require construction of about 27km of new pipeline - goes through the heart of the Chechen war zone to the Black Sea port of Novorossiysk. Securing control of Chechnya's oil refinery and pipeline network is believed to be one of the main reasons Russia launched its military offensive against the separatist enclave last December.

A western diplomat in Baku said the passage of at least some oil through the 926km Georgian route - of which 140km has yet to be constructed - would avoid a Russian stranglehold. "The oil should not all go to Novorossiysk, because then there is one hand on the tap, and it is a Russian hand," he said.

Russia's earlier insistence on providing the sole route, and its objections to sending oil through Georgia, have appeared to soften recently as relations between Moscow and

Thilisi have improved.

Georgia appears hopeful of securing Russian help with the reconquest of the breakaway enclave of Abkhazia, in return for confirming the right of the Russian army to keep bases in the republic.

While the US was insisting earlier this year that Turkey be the main conduit for Caspian oil, its recent statements have reflected a desire to take the interests of both Russia and Turkey into account.

Washington has also been struggling to finesse differences between Russia and Turkey - which have a centuries-old history of rivalry and war - in the field of arms control.

US officials have with difficulty persuaded Turkey to accept a common Nato position that goes some way towards granting Russia's wish to keep more armour in its southwestern and northwestern regions than current treaties allow.

Nato's concessions would trim the boundaries of the "black zones" in which Russian holdings of tanks and armour are restricted.

US Vice-President Al Gore had what he described as a "private in-depth discussion" about a wide range of issues with Russia's prime minister Victor Chernomyrdin in Bangor, Maine at the weekend.

FFr1m grant is rebuke to National Front mayor of Orange

Paris intervenes over festival

By Andrew Jack in Paris

The use of cultural policy to fight political battles in France took a sharp new twist over the weekend in the bitter feud between the extreme rightwing mayor of a southern town and the national government in Paris.

In an unusual intervention, Mr Philippe Douste-Blazy, minister of culture, offered an additional FFr1m (\$200,000) grant to a musical festival in the town of Orange, near Avignon, and publicly criticised the mayor, who had withdrawn his support for the event.

His action comes after Mr Jacques Bompard, who was elected mayor in June on the ticket of the extreme rightwing National Front, said he would withdraw municipal funding for the town's annual Chorégies festival after he failed to be chosen as chairman of the organising committee.

In the past, the holder of the office of

mayor had traditionally chaired the board, but Mr Bompard was found to be unacceptable, after a concerted effort by the festival's other sponsors, who were afraid his rightwing image would jeopardise the event.

Mr Bompard was one of three National Front candidates to achieve significant wins in the nationwide local elections, capitalising on the record 15 per cent score of Mr Jean-Marie Le Pen, the party's leader, in the presidential election in April.

The festival had planned that 5.4 per cent of its FFr18.4m budget this year would come from the town of Orange, with a further 7.4 per cent from the French state and three-quarters from receipts by those who attend - a total of 50,000 last year, making it the fifth most popular cultural festival in the country.

Writing in the Journal du Dimanche newspaper yesterday, Mr Douste-Blazy called Mr Bompard's decision "sadly exam-

plary" and "a provocation... which risked isolating his town".

He pledged to make up the shortfall in funding from ministry funds, saying that he would not be taken hostage by the town's decision, which was driven by "the political calculations of a man who... has an isolationist conception of culture and an authoritarian vision of power".

Orange had already come to prominence after the municipal elections when Mr Jack Lang, the former Socialist minister of culture, called for musicians to boycott the town and two others with National Front mayors.

The mix between culture and politics is strong in France, with a cabinet position for the Ministry of Culture, which was the sole government department to be excluded from budget cuts for 1995 and 1996. President Jacques Chirac pledged at the time of his election that the ministry would have its budget increased to 1 per cent of government spending.

IF YOU THINK ALL MONITORS ARE VIRTUALLY IDENTICAL

IT'S TIME YOU TESTED AN EIZO.

There is a difference. And it's bigger than you could possibly imagine. To arrange a demonstration just telephone 01483 757118 or fax us on 01483 757121. Make a better business decision. Put EIZO PDS to the test.

EIZO

BECAUSE NOT ALL MONITORS ARE CREATED EQUAL.

UNIT 7, GENESIS BUSINESS PARK, ALBERT DRIVE, SHEERWATER, WIDING, SURREY GU24 5RW. INTERNET: SALES@PDS.CO.UK

هنا من الأعمال

Beijing

Struggle over free zone for

Entrepreneur

FROM

Beijing protests over US claims of \$30bn trade deficit

By Simon Holberton in Hong Kong and Reuters in Beijing

Beijing yesterday accused the US of exaggerating its trade deficit with China and demanded that Washington take measures to rectify what it called distortions.

The US on Friday said it expected its trade deficit with China to reach \$30bn in 1995 and \$45bn-\$50bn in 1996. Mr Lee Sands, assistant US trade representative for China and Japan, also said its trade deficit with China was \$30bn in 1994, second only to its \$66bn deficit with Japan, figures disputed yesterday by Beijing.

White House should correct 'distortions': real figure is only \$7.4bn, says China

The China Daily said Chinese statistics showed China enjoyed a surplus of only \$7.4bn in 1994 and an official of the Chinese Ministry of Foreign Trade and Economic Co-operation accused the US of exaggerating its trade deficit with China.

"The US side should scrutinise and correct these distortions and should not use that figure as an excuse and tool to practise protectionism against China," the newspaper quoted the unidentified official as saying.

The official blamed the huge gap on "arbitrary practices" in determining the place of origin of goods from mainland China, Hong Kong and Taiwan, the report said.

"It is time to find a way to rectify the statistic negligence which has not correctly reflected the currency flow," the official was quoted as saying. He said this kind of distortion in trade figures was large because processed goods accounted for 69 per cent of China's exports to the US last year.

Mr Sands, speaking in Hong Kong

on Friday, said the deficit with China had many roots, including protectionism. He also said 40 per cent of China's exports went to the US, making it China's largest and only truly open market.

Mr Sands, who arrived in Beijing at the weekend, will spend two days looking at intellectual property rights, a subject over which the two countries narrowly averted a trade war before reaching an accord this year.

Under the accord, China promised to crack down on pirates, improve

copyright protection and open up barriers to US music, films and other intellectual property goods.

Mr Sands, who in February negotiated an agreement covering intellectual property, will press officials in Beijing about China's adherence to the agreement.

A senior US trade official said the Chinese authorities had done a decent job in preventing software piracy at the retail level. The official was, however, critical of Beijing's apparent reluctance to pursue makers and distributors of counter-

feit software. Six out of seven factories pirating CD-Roms that had been closed down by the authorities have since reopened.

US customs was seizing more China-made pirated CD-Roms now than in the past. The official said that the February intellectual property agreement extended beyond just cracking down on the retail trade to stopping the maker of counterfeit products.

Mr Sands said at the weekend that Hong Kong's trade in counterfeit software was also becoming a

problem. He met Mr Jeremy Matthews, attorney general of Hong Kong, on Friday to voice US concern over the traffic in pirated goods in the colony and Hong Kong's use as a transshipment base for China-made counterfeit software.

The senior trade official said Hong Kong's courts could impose larger fines.

Hong Kong law provides for fines of up to HK\$25,000 (\$3,200) per counterfeit object. Many offenders who come before the courts have no previous criminal record, however, and magistrates are reluctant to impose such heavy fines on first offenders.

Struggle ahead over free trade zone for Apec

By William Dawkins in Tokyo

Senior officials of the 18 countries of the Asia Pacific Economic Co-operation forum face a struggle this week to resolve differences over their political masters' plan to form the world's largest free trade zone.

Week-long talks, starting in Tokyo today, are the last chance for Apec trade officials to make progress before government leaders meet in Osaka next month, when they hope to adopt a free trade plan for the region, making up nearly half the world economy.

Japanese officials have warned that it will have to be left to ministers to settle the most politically sensitive disagreement, over whether Asia's high-cost farmers should be allowed special protection from cheap imports.

Apec officials fear the forum's credibility may suffer if the Osaka summit, to be chaired by Japan, fails in its mission of agreeing action guidelines for how Apec is to meet its target of free trade in goods and capital by 2020.

Agriculture is only one of many unresolved issues. Differences also exist on competition policy and trade in services, according to a senior Japanese trade official.

The agriculture rift goes to the heart of the central debate in Apec, between the US, Canada and Australia, which envisage a free trade zone with clear rules, and most of the Asian members, who prefer a loose consultative forum.

Japan, China and South Korea want farming to be excluded from the Apec principle that free trade should be comprehensive, covering all sectors. Critics of that idea, led

by Australia, fear that granting special treatment for agriculture would only open the way for a host of other sectors, such as US textiles, to demand exclusion.

A compromise could be found by setting a slower schedule for phasing in free competition in sensitive sectors, trade diplomats say. Such an arrangement already exists in the North American Free Trade Agreement. Mr Ryutaro Hashimoto, Japan's minister of trade and industry, hinted at such a concession last week when he said flexibility was needed in applying the comprehensive principle.

The other unresolved problem facing Apec officials this week is individual free trade measures which governments aim to offer in Osaka as a first concrete gesture of commitment to the Apec plan.

The US has not yet been able to produce any offer because President Bill Clinton's authority to speed tariff cuts depends on his obtaining "fast track" trade legislation, which has been delayed for many months in Congress.

Other leading Apec economies have been waiting for the US offer to become clear before they make their own offers. Japan aims to make its free trade offer clear this week.

Progress has, however, been made in an agreement to set common customs clearance procedures by the end of the decade, expected to be a highlight of the Osaka agenda.

Apec, founded in 1989, groups Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Taiwan, Thailand and the US.

Challenge to Brazil over cars

Trading partners may take import quotas dispute to WTO

By Frances Williams in Geneva

Brazil's trading partners have warned that they may challenge its recently imposed car import quotas by taking the issue to the World Trade Organisation.

The warning came at a meeting of the WTO's balance of payments committee at the end of last week, after Brazil failed to convince other nations the quotas were justified by balance of payments difficulties. Quotas and other quantitative trade restrictions are otherwise outlawed by WTO rules.

The US, Canada and South Korea said they reserved their rights to take the issue to the WTO's dispute settlement mechanism.

Criticism also came from Mexico,

Japan, the European Union, Australia and Switzerland.

The quotas have been in effect since June 13, though they have yet to bite as imports have not reached the limits set. The imposition of quotas followed an earlier rise to 70 per cent from 20 per cent in Brazilian tariffs on car imports.

However, this duty increase is within WTO rules, since Brazil has pledged only to respect a ceiling of 80 per cent on car tariffs.

WTO members argued last week that Brazil, which has healthy reserves of foreign exchange, is not facing a balance of payments crisis. According to the International Monetary Fund, the country has reserves sufficient to finance 12

months of merchandise imports.

This compares with only three months' worth in 1991 when Brazil told Gatt, the WTO's predecessor, that it would no longer seek to justify trade restrictions on balance of payments grounds.

Brazil says the IMF figures are misleading because two-thirds of its foreign reserves are short-term capital that could be withdrawn at any time. Its trade balance turned negative this year after five years of surpluses.

The WTO's balance of payments committee is expected to meet again today or tomorrow to seek a consensus report to the WTO's council on trade in goods, after Brazil blocked a first draft on Friday.

Top trade officials and telecommu-

Fast track is going nowhere

Administration and Congress are divided over US trade measure

The White House and House Republicans this week will make one last effort to breathe life into the all but dead "fast track" authority needed for the negotiation of future US trade pacts.

"Fast track" authority, under which Congress agrees not to amend trade agreements submitted for final approval, is urgently needed for talks to include Chile in the North American Free Trade Agreement. Chilean officials have given the administration until February or March to get authority before abandoning the effort until after the 1996 US presidential elections.

The White House and Mr Bill Archer, chairman of the House of Representatives Ways and Means Committee, have appointed two representatives - Mr Bill Frenzel, a former Republican congressman, and Mr Kenneth Lay, chief executive officer of Enron Corporation - to work out language

acceptable to both sides.

Mr Lay is a friend of Mr Thomas "Mac" McLarty, President Bill Clinton's old friend from Arkansas and his former chief of staff. Latin American trade has been one of Mr McLarty's responsibilities in the White House.

Ms Charlene Barshefsky, deputy US trade representative, has delayed a trip to China, in part to work on the negotiations.

The ways and means committee, which has authority over trade matters, has approved a fast-track bill. But it is unacceptable to the administration, which wants to be able to include labour and environmental provisions in trade negotiations.

Congressional sentiment

over trade has splintered in both parties. Some Democrats are outraged that they have not been included in the negotiations.

Congresswoman Marcy Kaptur, a leader of anti-Nafta Democrats, is to circulate a resolution demanding that any extension of fast-track negotiating authority "be tied solely to negotiation with the EU on the creation of a transatlantic free trade area".

"Free trade is possible only among free people with democratic and open political systems," it says. "The establishment of a NAFTA can serve as the impetus for closer co-operation between the US and the EU in the aftermath of the cold war."

It is widely believed that Democrats will not vote for the current fast track. The addition of some sort of labour and environmental provisions could attract some support, but most are demanding stronger

provisions than those negotiated in Nafta, which have proved to be ineffectual.

The cohesion of the House Republicans is likely to come apart over trade, as several of the newcomers ran for office on an anti-Nafta platform.

It is believed the only chance for fast track is to include it in the mammoth budget reconciliation act, which the president may ultimately be forced to sign.

But Republican Congressman Duncan Hunter is reported to have 20 Republican names on a petition to keep fast track out of the budget bill and the leadership is not likely to act in a way that would jeopardise the legislation.

The Senate has taken no action on fast track, but it could conceivably approve a final budget bill with the measure attached.

Nancy Dunne and Guy de Jonquieres

WORLD TRADE NEWS DIGEST

Singapore road pricing deal

A consortium including Philips Electronics and Mitsubishi Heavy Industries has won a S\$32m (\$20m) contract to build and maintain an electronic road pricing system (ERP) in Singapore. The republic's land and transport authority said the government would pay the consortium S\$197m to build the system and S\$98m a year for five years to maintain it.

The Singapore authorities say the ERP will be the world's most advanced automated toll management system. Under the system, all vehicles using Singapore's roads will have a unit fitted to the windshield or handlebars. On various roads motorists will pass through two overhead gantries fitted with microwave devices which will deduct toll charges from a smart card fitted in the unit.

The government has said the ERP system could be extended to all Singapore's main roads by the turn of the century. Two other consortia, which included General Electric, Marconi and Nippon Telegraph & Telephone, had submitted bids for the ERP project.

Kieran Cooke, Singapore

Oman buys Swiss guns

Oman has bought Swiss 35mm anti-aircraft guns made by a unit of Oerlikon, a contract also sought by GEC-Marconi of Britain, diplomatic sources said yesterday. No details of the size or value of the deal were available but the official Omani news agency quoted Jund (soldier) magazine as saying the weapons would be deployed in November when the Gulf Arab state celebrates its 25th national day.

Oman's military modernisation programme is not as extensive as those in neighbouring Saudi Arabia, the United Arab Emirates, Kuwait and Iran. Two French fast patrol warships last month joined the Omani navy, and delivery of 18 British Challenger Two tanks began this year. Reuters, Dubai

Malaysia to rejig telecoms

The Malaysian government will honour the international gateway licences issued to telecommunications operators in the country but it will have to rationalise the sector, according to Mr Anwar Ibrahim, deputy prime minister and finance minister. He was quoted by the New Sunday Times newspaper as saying the companies concerned needed to be informed and the proposals negotiated with them.

Companies were perturbed by a recent announcement that obtaining international gateway licences would not necessarily mean that they could operate the network for the next two years at least, as this would have adverse effects on state-owned Telekom Malaysia. Apart from Telekom, four other companies have been given licences to operate international gateway networks.

Tomen of Japan has linked with Pacific Gas and Electric and the Bechtel construction group of the US to establish an electric power wholesaling venture. The US-based venture, with capital of \$170m, will sell power to utilities in the US, Latin America and Asia, and expects sales of over \$100bn (\$600m) in the next three years. The venture will start by operating a power station in New York state and aims to participate in other power station projects.

Foreign Staff ■ South Korea will grant Vietnam a soft loan of Won38.2bn (\$49.8m) to help finance road expansion projects. The foreign ministry said the two countries would sign the contract today in Hanoi. The 20-year loan will have a five-year grace period and carry fixed annual interest of 2.5 per cent. The money is a part of South Korea's Economic Development Co-operation Fund, set up in 1987 to finance developing countries and to boost domestic companies' business expansion in the region. Reuters, Seoul

Entrepreneurs revive Poland's shoe industry

The collapse of the Soviet market and the post-reform recession spell doom for most of Poland's giant state-owned factories. Podhale, a footwear producer and the largest employer in Nowy Targ, was no exception. But three years after Podhale collapsed, the town, sheltered by the Tatra mountains of southern Poland, is a flourishing centre of a diversified and privatised shoe industry which has become a big exporter of shoes. Last year Poland's officially registered output of shoes rose 14 per cent to 54m pairs.

Real output was at least 30 per cent higher when output from untaxed and unregistered cottage industry producers is included. Official exports of \$18m were also swollen by private exports through traders from the former Soviet states buying stock for resale across the border.

Poland is littered with defunct plants like Podhale. They were the biggest and often the only employers in an area and were weighed down

Despite recession and loss of markets, output rose 14% last year

by social costs which tied people to their jobs under the old system.

The rebirth of a private, export-oriented shoe industry from the ashes has involved a combination of foreign investment, export orders from Adidas of Germany, a US shoe distributor's persistence, and the efforts of the Industrial Development Agency (ARP), which was set up to reinvigorate districts such as Nowy Targ.

Some of the old dinosaurs, such as the Mielec aircraft factory in the southwest, are expecting a recently sanctioned free enterprise zone to create jobs. Others, such as the Ursus tractor factory outside Warsaw, have relied on militant Solidarity trade union members to bring political pressure to shore up a tottering balance sheet.

Podhale, by contrast, struck lucky by finding three private entrepreneurs who now own shoe-making businesses inside the old plant. More people are

now working than in 1992, when the state-owned plant expired.

"Shoe production needs small units able to change designs quickly as market conditions dictate," says Mr Janusz Szlanta of the ARP. "Podhale couldn't have survived the way it was," agrees Mr Ryszard Ostatek, the plant's old sales manager. He is now selling for Wolan, one of the three privately owned companies on the site of the old shoe combine. "At first we regretted what had happened," he admits, "but now we see it was for the best."

The ARP, which acts like an investment bank, played a key role in the town's export-led regeneration by providing financial support to establish the new companies. "It couldn't have been done without the ARP. They took the first step when we couldn't get anyone to help and the government would not even give us relief on our tax and insurance

dues," Mr Ostatek says.

The final blow for Podhale was a month-long strike by Solidarity against the liquidation of the plant in 1992. "It was the dinosaur's dying spasm," says Mr Leszek Kalicki, who now heads Royce Polska, another on-site producer. The strike lost all but one of the factory's remaining customers in the US.

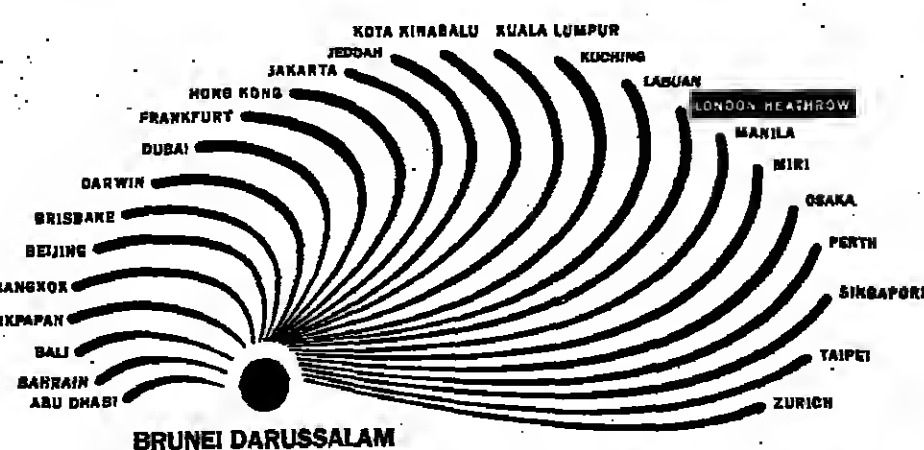
Royce, a Connecticut shoe trader which made its Herman Survivors, a well known east coast hiking shoe brand, in Podhale, had been through a lot by then. It produced shoes in Romania but fled during the revolution 1989, evacuating stock and equipment in trucks. Then it was forced to evacuate former Yugoslavia overnight, abandoning its assets. The company ended up in Podhale. "When Podhale went down it was understandable that they said they would only stay and invest with a stable local part-

ner, preferably a state agency like the ARP," Mr Kalicki says.

So the ARP bought the equipment and a building from the liquidator of the factory and put the assets into a joint venture with Royce. It was capitalised at around \$6m, with the US shoe distributor holding 55 per cent and an option to buy the remaining shares. Output has since risen to full capacity. Royce bought 800,000 pairs of shoes in Podhale in 1993. This year the joint venture will make 1.2m pairs, all for sale in the US.

Now Podhale, the third producer on site, took a different route. Here the Austrian mid-dleman between Podhale and Adidas, the German footwear group, leased the building and equipment from the liquidator when the factory died and went on producing for his client.

The happy outcome at Podhale is only the beginning for the ARP, which is headed by



FROM LONDON, TOUCH THE WORLD WITH ROYAL BRUNEI AIRLINES.

A truly impeccable service to 26 destinations throughout the world. Where onboard you'll experience the gracious hospitality of our inflight attendants from all the ASEAN countries. Call your Travel Agent or Royal Brunei Airlines. Tel: London (0171) 5846660.

ROYAL BRUNEI
Touching the world

NEWS: INTERNATIONAL

G10 attacks high government borrowing

By Robert Chote, Economics Editor, in Washington

Reducing government borrowing, bearing down on inflation and reforming pension systems are the best ways to promote saving and reduce real interest rates, according to a study published yesterday by the Group of Ten leading industrial countries.

The G10 estimates that average interest rates - adjusted for inflation - have risen from 3 per cent to 4 per cent in the industrialised countries over the last 35 years, while savings rates have fallen by nearly 5 per cent of national income over the same period. High government borrowing has been mostly to blame, offsetting the fact that weaker pro-

ductivity improvements and slower labour force growth have cut investment demand.

Low saving is important because it constrains investment, economic growth and job creation, as well as making economies more vulnerable to adverse shocks because of the fragility it implies for household and business finances. High real interest rates make investment more expensive. This also slows economic growth, "although the risk should not be overstated".

"Cutting public sector deficits will unambiguously increase national saving and thus tend to put downward pressures on world real interest rates," the G10 paper argues. But because of the international integration of

capital markets, cuts in fiscal deficits will have more effect on current account deficits than national interest rates.

The study recommends that government debt be reduced as a proportion of national income before ageing populations increase demands on public pension and healthcare systems.

To maximise the beneficial impact on national saving, fiscal consolidation should ideally be achieved through cuts in public spending rather than rises in taxes. Expenditure cuts should also be focused on public sector running costs rather than investment, while revenue increases should come more from taxes on consumption than taxes on income. The study also concludes the sub-

sidies for particular types of saving have little or no impact on the total amount saved.

Pension reform should, meanwhile, be undertaken quickly to pre-empt the threat of unsustainable medium-term pressures on finances. Early retirement should be discouraged and pensions should be fully funded rather than on a pay-as-you-go basis.

The study rejects the idea that real interest rates have risen because developing countries are seeking more finance for investment. The experience of Asia suggests that these demands tend to be self-financing as domestic saving picks up. The same is expected to be true of demands for investment finance in transition economies in coming years.

GROSS PUBLIC SAVING (in per cent of GDP)					
	1990	1991	1992	1993	1994
US	-2.5	-3.2	-4.3	-3.4	-2.0
Japan	8.4	8.0	7.8	6.0	4.2
Germany	0.8	0.6	0.7	0.1	0.8
France	2.5	1.4	-0.5	-2.8	-2.1
Italy	-6.2	-6.1	-7.5	-5.9	-5.9
UK	2.2	0.3	-3.3	-5.1	-4.3
Canada	-2.8	-5.3	-5.9	-6.0	-4.1

Source: OECD Secretariat

GROSS PRIVATE SAVING (in per cent of GDP)					
	1990	1991	1992	1993	1994
US	18.1	18.9	18.9	18.3	18.2
Japan	28.2	28.1	28.2	28.5	28.9
Germany	24.3	21.9	21.3	20.5	20.4
France	19.0	19.5	20.3	21.3	21.5
Italy	25.8	24.6	24.7	23.9	24.7
UK	12.1	13.1	18.1	17.8	19.3
Canada	19.0	19.1	18.7	18.3	18.5

Source: OECD Secretariat

'Hot air' over privatisation outstrips prospects

By George Graham in Washington

Despite the significant benefits of privatisation, its progress in most developing countries has been slow, according to a new World Bank study. Setting aside the transition economies of eastern Europe and the former Soviet Union, governments in developing countries have been divesting themselves of only three companies a year on average.

"The so-called decade of divestiture

has produced more hot air than hot prospects," said Ms Mary Shirley, who led the World Bank research team.

Government-owned businesses still account for about 11 per cent of gross domestic product in developing countries, a level the report says has remained "stubbornly high" over the 1980s. And the poorest countries, which can least afford this brake on their economic performance, have the largest state sectors.

The study cites anecdotal evidence

such as the Turkish coal mining company whose losses in 1992 worked out to about \$12,000 (£7,600) a worker - six times the national income. Yet its miners' life expectancy was 11 years below the national average. "In short, the miners and the government would have been better off if the government had imported coal and paid the miners to stay home," the report says.

On a larger scale, the World Bank calculates that state enterprises damage a country's economic growth by

crowding out government spending on services such as basic health and education and by weakening the government's financial position.

In Tanzania, for example, the government spends half as much again on subsidies to state-owned enterprises as it does on health.

"Our data strongly support the premise that the larger the state-owned enterprise sector's overall deficit, the larger the fiscal and current account deficits," the study says.

After examining why countries such as Chile, South Korea and Mexico were able to reform their state enterprises successfully while India, Senegal and Turkey were not, the report concludes that the effectiveness of privatisation is closely tied to the government's political credibility.

"Foreign aid designed to encourage state enterprise reform can be counterproductive when the conditions for successful reform are lacking," the report says.

Declaration of principles is expected at Amman summit

New Mideast bank clears hurdle

By Rousa Khalaf

A declaration of principles for the establishment of a Middle East and North Africa development bank is expected at the Amman economic summit at the end of this month, despite European Union scepticism over the US-backed proposal.

A taskforce studying the establishment of the \$5bn (£3.2bn) bank concluded its meetings at the weekend and cleared the way for the declaration of principles.

Although a majority of European Union members see no economic need for the bank in a region already served by sev-

eral lending institutions, they do not object to the setting up of an institution which they will not be forced to join immediately.

A second organisation favoured by the European states is also likely to be announced at the Amman summit, according to a source at the taskforce meeting.

A majority of EU members proposed, as an alternative to the bank, the establishment of the Middle East and North Africa financial intermediation organisation (Menafo). This economic forum and project preparation facility would work on feasibility studies and

seek financing from existing institutions such as the World Bank or the European Investment Bank.

The exact form of Menafo, however, has not been finalised. The regional countries, Israel, Egypt and Jordan, as well as the Palestinian Authority, said at the meeting that the economic forum, through which countries can discuss regional co-operation and integration, should be part of the bank, thus reducing the importance of the European-proposed institution.

Questions also remain over whether the project preparation facility will simply act as

the precursor of the development bank, as the regional parties have suggested, or will continue to operate after the bank is set up, as the majority of European states have proposed.

"This was left a little bit in the air," according to a European source. The taskforce reports this week to a steering committee which will prepare the declarations for the Amman summit and iron out the remaining differences.

The real test now is whether, without significant European funding, the US can muster enough financial backing for the bank in the coming year.

Poor countries 'need fresh debt initiatives'

By Michael Holman, Africa Editor

There is an "overwhelming case" for a fresh initiative to help the increasing number of poor countries facing difficulties in servicing their multilateral debt, according to a study prepared for Commonwealth finance ministers.

The findings of the report, circulated at last week's meeting of the ministers, are expected to add to pressure on the International Monetary Fund to reconsider its long-standing opposition to rescheduling its loans to seriously indebted low-income countries (SILICs).

Third world delegates are expected to call for new measures while attending the annual meeting of the IMF and World Bank under way in Washington.

In a separate report*, the British charity Oxfam yesterday called on finance ministers attending the Washington meeting to endorse a recent proposal on multilateral debt drawn up by a World Bank

The creditors' refinancing strategy has not prevented the problem from growing rapidly

task force. The proposal advocates a radical reappraisal of ways to resolve the problems posed by third world debt, and envisages an \$11bn (£7bn) facility for reducing the multilateral debt burden of the poorest countries.

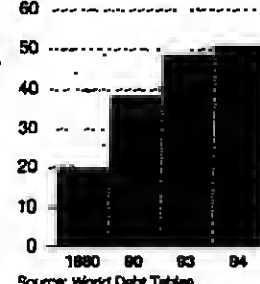
More than four fifths of total multilateral debt and debt servicing is attributable to the World Bank, the IMF and the African Development Bank.

Although multilateral debt accounts for about 28 per cent of SILIC total long-term debt stock, servicing this category of debt now takes up nearly 51 per cent of total debt payments, compared with 20 per cent in 1980.

In the 52 page Commonwealth report, Prof Tony Killick, senior research fellow at

Seriously indebted low-income countries

Multilateral debt servicing as % of total payments



Source: World Debt Tables

London's Overseas Development Institute, an independent research centre, warns that "actual or prospective difficulties with servicing multilateral debts are affecting an increasing number of countries".

"The [creditors'] refinancing strategy has not prevented the problem from growing rapidly," writes Prof Killick, "offers debtors no exit prospects, makes large claims on increasingly scarce bilateral resources, and... undermines the credibility of the Bank and Fund and attempts to induce improved policies through conditionality".

A package of measures, including a larger IMF extended structural adjustment facility, on even more concessional terms than already apply and financed by the sale or pledging of "a modest proportion" of the IMF's gold stocks, and highly concessional debt relief to low-income countries "would be technically attractive, provided relief was not based on unrealistic restrictive eligibility rules", says Prof Killick.

Although the report does not necessarily reflect the views of the Commonwealth secretariat in London, which commissioned the study, it has attracted widespread support.

Solving the Multilateral Debt Problem, by Tony Killick, Commonwealth Secretariat, Marlborough House, Pall Mall, London SW1Y 5HX. 0171 339-3411

*Multilateral debt: an end to the crisis. Oxfam, 274 Banbury Road, Oxford, OX2 7DZ. 01865 311311, fax 312417.

The Financial Times plans to publish a Survey on

Copenhagen

on Tuesday, October 31.

The survey will cover all aspects of Copenhagen, such as The Oresund Bridge, the airport and the harbour, the tourist industry, the centre of the Danish banking and finance world and the region's industries.

For advertisement details please call:

Erna Pio,
Tel: +45 3313 4441 Fax: +45 3393 5335

or
Kirsty Saunders in London
Tel: +44 171 873 4823 Fax: +44 171 873 3204

FT Surveys

US business trip hints at Cuban thaw

Just hours after US President Bill Clinton announced measures on Friday aimed at both promoting democratic change in Cuba and tightening the existing US economic embargo, the biggest group of senior US business executives to visit the communist-ruled island flew into Havana for a private fact-finding tour.

Later that day, soon after the Cuban government dismissed Mr Clinton's announcement as "a joke" that signalled no real change in US policy, the group of more than 40 executives from leading US corporations were having a private dinner with Cuban President Fidel Castro, chatting about everything from economic reform to political philosophy.

The coincidence was intriguing. While both Havana and Washington maintain the posture of cold war enmity, they appear to be moving slowly but inexorably down a path of more dialogue and communication that must lead, sooner or later, to a normalisation of ties, both economic and political.

True, the visiting executives - from companies including the Hyatt hotel chain, General Motors, Sears, K-Mart, Tandy Corp and Rockwell - were not in Havana to talk business; the US embargo forbids that. They were on a private, two-day "news tour" organised by Time Inc., the US publishers, whose high point was the dinner and chat with the president and senior aides.

But the fact that the group travelled with the knowledge and authorisation of the US administration and were accorded a red-carpet welcome by the Cuban government must be a sign that the cold war ice is melting, albeit slowly.

Nobody is saying they expect the 33-year-old embargo against Cuba to be lifted soon, at least not before next year's

US elections. Mr Clinton's announcement included specific steps to tighten the enforcement of US curbs on trade and business with Cuba "to keep the pressure for reform on". But he also eased restrictions on travel and cultural and academic exchanges and announced measures "to promote [Cuba's] peaceful transition to a free and open society" through support for non-government and human rights groups in Cuba.

The Cuban government takes a dim view of such intentions, which it presents as an underhand US attempt to undermine its one-party socialist system. "What Clinton and his advisers have to understand is that Cuba is a sovereign state," a senior Cuban official, Mr Ricardo Alarcon, said.

Mr Alarcon, president of Cuba's National Assembly, rejected what he called the "export democracy" offered by Washington and said the best thing Mr Clinton could do was to lift the embargo.

Despite the harsh words, the Cubans were nevertheless happy to play host to the businessmen, who they hope will swell the lobby in the US to end trade restrictions. Mr Alarcon said he hoped they would "go away convinced about what they are missing" in terms of business opportunities lost because of the embargo to European, Canadian and other foreign investors.

"Sure, US business is missing out here," one of the US executives said on Saturday, as he strolled through Old Havana on the kind of sightseeing tour that remains barred to most US citizens because of the embargo. "I've been to all the islands of the Caribbean and this place has got everything; the resources, the people."

Pascal Fletcher

INTERNATIONAL NEWS DIGEST

Big demand for Colombia loan

The lowest-priced voluntary bank loan for a Latin American sovereign borrower since the early 1980s - a syndicated credit launched last month for Colombia - has been heavily oversubscribed by international banks. The loan, to be signed today in Washington by Mr Guillermo Perry, finance minister, and representatives of 21 international banks led by Chase Manhattan, was increased from the \$200m originally sought to \$225m (£145.1m). According to Mr Perry, banks offered commitments totalling \$365m.

The five-year term loan carries an interest rate of 1.25 percentage points over London interbank offered rates, believed to be the most tightly priced voluntary credit for a Latin sovereign borrower in more than a decade.

Mr Perry said the government was considering a further bond issue this year either in the US Yankee bond market, where it may seek a 10-year maturity, or in the Eurobond market. The market for Colombian bonds widened last month after Moody's, the US rating agency, matched other agencies by increasing the country's debt rating to investment grade.

● Panama and its main bank creditors led by Citibank have completed negotiations on the details of a \$3.5bn debt reduction agreement. Stephen Fuller, Latin America Editor

UN to launch Afghan appeal

The United Nations launches in Geneva tomorrow its annual appeal for humanitarian assistance to Afghanistan amid growing concerns over the future of the central Asian country. UN officials and western diplomats have expressed concern that the country could fall into anarchy without adequate reconstruction efforts.

Countries surrounding Afghanistan are also concerned that young, war-hardened and well armed Afghan fighters who can find no economic opportunities could continue to form bands and continue the fighting. Last year the UN sought up to \$106m (£68.3m) in assistance but received less than \$80m.

Farrhan Bokhari, London

Hanoi nears debt restructuring

Vietnam is close to agreeing with commercial creditors terms under which about \$900m (£516m) in commercial arrears could be restructured, the semi-official weekly Vietnam Investment Review (VIR) said yesterday. Clearing the London Club arrears would ease IMF and World Bank concerns about Vietnam's sovereign debt position and could clear the way for Vietnam to issue internationally its first government bond.

Central bank officials have said the first issue would be worth \$100m-\$150m.

About half of the Vietnamese debt is penalty interest on money owed primarily to Japanese banks and trading houses.

A London Club advisory committee jointly chaired by Australia and New Zealand Banking Group and Bank of Tokyo has just finished a third round of talks with Vietnam's central bank.

Jeremy Grant, Hanoi

Early Trinidad election called

Mr Patrick Manning, the prime minister of Trinidad and Tobago, has called a general election for November 6, a year before a vote is constitutionally due in the southern Caribbean republic of 1.2m people. The move was prompted by a reduction in the government's majority in the lower house due to MPs' deaths and resignations. Opinion polls have suggested that the incumbent People's National Movement will be returned for a second term.

Carvate James, Kingston

Kuwait warns on budget deficit

Kuwait's central bank yesterday said persistent state budget deficits could damage the economy and should be tackled by boosting non-oil revenue. The bank's annual report for 1994 said public spending growth was outstripping revenue growth and would lead to erosion of official reserves. Kuwait projects a deficit of KD1.32bn (£2.8bn) for fiscal 1995-96, equivalent to 18 per cent of gross domestic product.

Reuters, Kuwait

PRIVATISATION COMMISSION - GOVERNMENT OF PAKISTAN

Privatisation of United Bank Limited

UBL

"EXPRESSIONS OF INTEREST"

The Government of Pakistan announces the commencement of a competitive process to select an eligible investor or consortium to acquire a 26% equity interest in United Bank Limited with transfer of management. United Bank Limited is the second largest commercial bank in Pakistan with a market share of about 20% and has an extensive branch network throughout Pakistan and abroad with a strong presence in the Middle East [UAE, Qatar, Bahrain, Yemen, Egypt, Oman (JV), Saudi Arabia (JV)] and United Kingdom and presence in the United States and Switzerland. Privatisation of United Bank Limited presents a unique opportunity for financial institutions or consortiums with significant banking experience and financial strength to participate in a rapidly growing sector of the economy.

The Government of Pakistan believes a strategic investor committed to the introduction of international banking practice, new banking products, technology and further investment, can significantly enhance the value of United Bank Limited and at the same time considerably strengthen the financial sector. The privatisation follows on from the Government's privatisation policy with the aim of improving efficiency, developing capital markets, broaden ownership base and revenue generation. The Government is implementing these policies in a transparent and equitable manner.

Expression of interest should be submitted with a non-refundable payment in the form of bank draft in favour of Privatisation Commission for Pak. Rs 20,000/or U.S. dollar equivalent to receive a Request for Qualification along with Marketing Memorandum. Upon qualification, bidding instructions and access to detailed due diligence materials will be provided.

Deputy Secretary (Banking)
Privatisation Commission
GOVERNMENT OF PAKISTAN
5-A, Constitution Avenue, Islamabad
Experts Advisory Cell Building,
Islamabad, Pakistan.
Fax: (92-51) 823076



Interested parties should submit 'Expressions of Interest' along with investor profile by 22nd of October, 1995 with the Privatisation Commission at the address provided above.

مكتبة الأهل

Japan braced for a rash of resignations

INTERNATIONAL PRESS REVIEW

TOKYO

By Michio Nakamoto

There will be a rash to resign in Japan today. Executives at Daiwa Bank are expected to take responsibility for ¥110bn (£700m) in bond losses in New York, and the country's justice minister is likely to bid farewell to his post for allegedly borrowing from a Buddhist group.

Japanese resignations have a certain inevitability. They generally take a week or so of simmering and the media announce them ahead of time, almost as events to note in the diary. Mr Akira Fujita, Daiwa president, has been under pressure to leave since the bond losses were revealed on September 28.

Newspapers and weekly business magazines did not fail to point out that Daiwa's system of risk management, which apparently allowed Mr Toshio Iguchi to hide trading losses over 11 years, appeared to contain some astounding flaws. But the focus of some coverage was on the damage the debacle might do to the creditworthiness of the country's financial institutions.

The *Yomiuri Shimbun*, Japan's most widely read national daily, commented it was difficult to believe that an institution which was entrusted with the important role of keeping depositors' money could have such an irresponsible system of checks.

"If [Daiwa] had failed to maintain a system of risk management and relied solely on the moral honesty of the staff responsible for the job, it cannot avoid the criticism that its business management is weak," said an editorial in the *Nihon Keizai Shimbun*, the leading business newspaper. As for the international reputation of the country's financial institutions, Daiwa's difficulty was seen as yet another in a long list of problems afflicting a banking system straining under the weight of non-performing loans.

"International trust in our country's banks and financial system is plunging in the face of the bad debt problem and the collapse of one financial institution after another. The incident is likely to further the trend," noted the *Yomiuri Shimbun*.

The sharp fall in the share price of Daiwa meant that ¥85bn in its market value was blown away in a single day, pointed out the *Weekly Toyo Keizai*. "It would not be surprising if shareholders, faced with such a huge loss, sued [the bank]."

Mr Fujita must have known his tenure was in doubt when he turned to the *Nikkei*. The newspaper called for both an in-depth investigation by the bank and for it to make the management's responsibility clear. It suggested the president should resign. "It is not sufficient for [the bank] to simply take expedient measures such as a cut in executive pay," the *Nikkei* stated.

The newspaper pointed out that Daiwa, which alone among Japan's city banks is authorised to conduct both banking and trust operations, was too busy trying to maintain smooth relations with the ministry of finance to pay sufficient attention to its global management strategy.

While the huge loss incurred by Daiwa should have sent a strong message to the Japanese public that even city banks, which most people in Japan believe will never be



Akira Fujita: under pressure

allowed to go under, are exposed to massive risks, the theme was quickly overshadowed by other events, including links between Mr Tomoharu Tazawa, the justice minister, and a Buddhist group called Rissho Koseikai. Mr Tazawa is accused of having asked an opposition politician not to question him in parliament on his loan from the Rissho Koseikai. In return, Mr Tazawa is supposed to have promised to oppose an amendment curbing the influence of organisations.

If the opposition party did agree to such a deal with Mr Tazawa, the *Asahi Shimbun* notes, "there is nothing that compares to the damage that such a deal inflicts on the authority of the Diet and the insult to the Japanese public that it represents".

For its part, the Liberal Democratic party, to which Mr Tazawa belongs, took the allegations as a chance to push on with the controversial amendment. So when Mr Tazawa tried to justify himself, he found that few of his LDP comrades were willing to lend a sympathetic ear.

Jiang falls into step with China's military

Gen Fu Quanyou's confirmation last week as chief of the general staff of the People's Liberation Army completed the circle of new high-level Chinese military appointments and indicated that arrangements for China's post-Deng leadership may be solidifying.

After a fairly long hiatus, during which manoeuvring among rival factions held up personnel changes to the central military commission (CMC), the powerful body responsible for overseeing China's 3m-strong armed forces, the new appointments suggest further steps towards consensus on the power-sharing which would follow the death of Mr Deng Xiaoping, the country's patriarchal leader.

Western military attaches in Beijing regard the personnel changes, which began to be unveiled at last month's plenary session of the Communist party's central committee, as broadly favourable to Mr Jiang Zemin, China's 69-year-old president, party leader and CMC chairman, who has been striving to consolidate his grip on power, and in particular to bolster his standing with the military.

Mr Jiang did not see active service in the liberation struggle or in the Korean war, and therefore is without a military constituency - an attribute vital to leadership aspirants in China in the past.

"If all of the new appointees are not actively pro-Jiang, at least they are not against him," said one attaché.

In fact, two of Mr Jiang's closest allies in the military - Gen Chi Haotian, the defence minister, and Gen



On the move: reshuffles in the army indicate that China's military is set to increase its political power

Zhang Wannian, the outgoing chief of the general staff - have been promoted within the CMC. They will join the Deng stalwarts, Generals Liu Huaqing and Zhang Zhen as co-vice chairmen and have clearly been designated as their replacements; both ageing revolutionaries are due to retire at the next Communist party congress, to be held in 1997.

But the fact that the veterans will be staying on and that Gen Wang Ruilin, Mr Deng's long-time private secretary, has also been appointed to the CMC indicates that Mr Jiang did not have things all his own way. The latest CMC reshuffle smacks of the factional checks and balances that have become part and parcel of China's transitional politics.

Mr Jiang is thought to have wanted Gen Zhang Zhen to step down - the

crusty octogenarian survivor of the Long March is believed to have criticised policy towards Taiwan as "too soft" at the time of Taiwanese president Lee Teng-hui's visit to the US in June. Gen Zhang's retention of his position underscores the limits on the Communist party leader's powers.

The continuation as CMC vice-chairmen of Generals Liu and Zhang also reflects Mr Deng's wishes, even though his fading health may not permit him now to reiterate his views with force.

China's patriarch had installed both men as vice-chairmen with special responsibility for helping to oversee a smooth transition to a new generation of leaders, and to ensure the military remains united during a testing phase.

In 1992 Mr Deng showed his deter-

mination to avoid factionalism and power-seeking in the military when he banished Gen Yang Baibing, the powerful director of the general political department of the army and a member of the CMC, after it emerged that Gen Yang had convened a group within the military to discuss power-sharing arrangements post-Deng. This was classified as "plotting" in the communist lexicon.

The promotions and new appointments to the CMC are also in line with moves towards the greater professionalisation of the Chinese military, with the elevation of younger, better educated officers who have been weaned away from Maoist notions of "people's war" towards the need for higher calibre soldiers and improved weaponry.

Gen Zhang Wannian, 67, who now

ranks third among the four CMC vice-chairmen and has clearly been singled out to take over when the veteran Generals Liu and Zhang Zhen retire, is regarded as an exemplar of the modernisation effort.

Since his appointment as chief of the army's general staff in 1992, the military has made significant strides in developing rapid reaction forces capable of deployment at relatively short notice across China's vast territory.

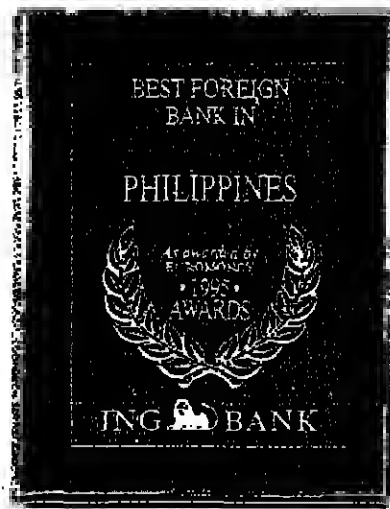
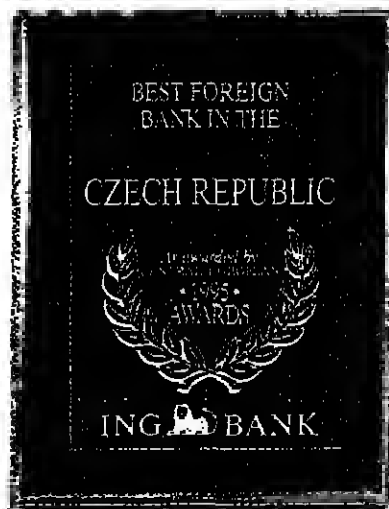
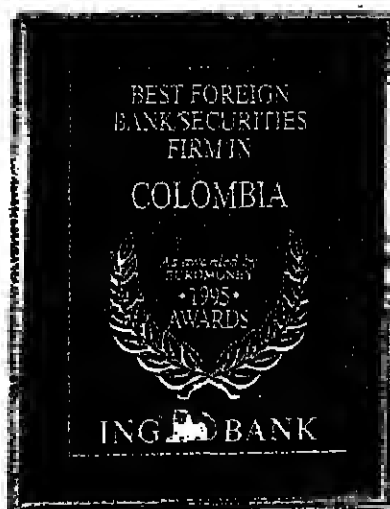
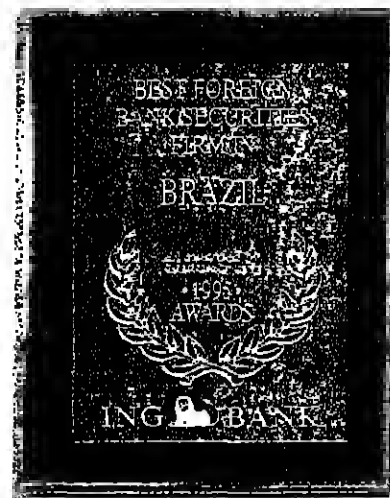
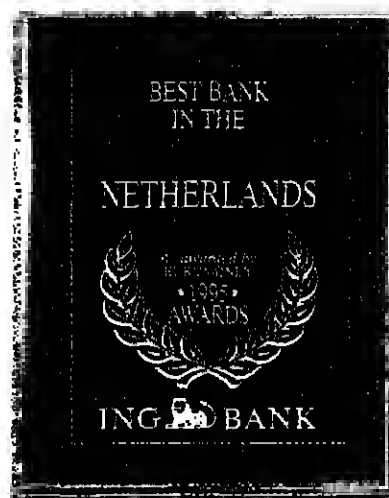
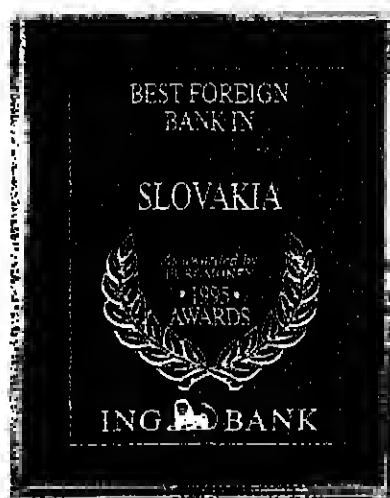
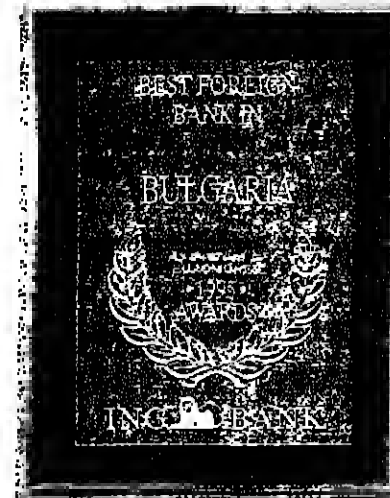
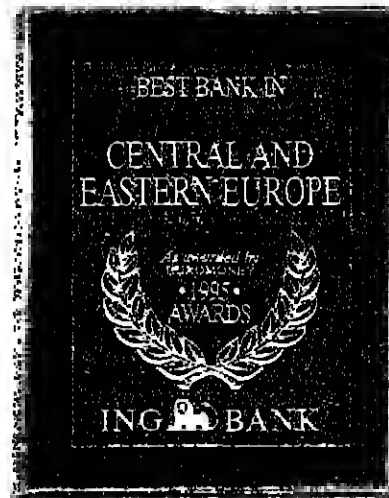
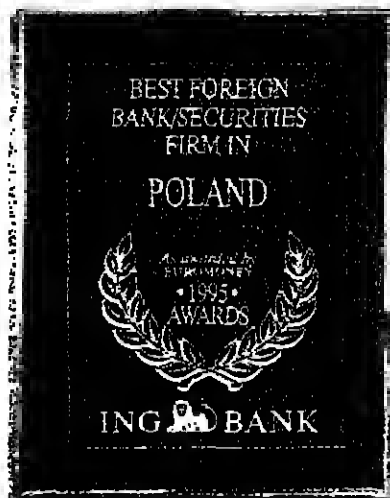
But Gen Zhang Wannian would also have been frustrated by the knowledge that China's military budget has not allowed him to push ahead as quickly as he would have liked in modernising Chinese weaponry. China's ability to project power is limited by the lack of a "blue water" navy, a few early-warning aircraft and mid-air refuelling capabilities.

The nuts and bolts problems of dragging China's military into the 21st century will now fall to Gen Fu, 65, as the new chief of the general staff. Like Gen Zhang, the new chief's career includes active service in the liberation struggle before 1949 and in the Korean war. His previous post was that of director-general of the general logistics department, a vast operation which is at the centre of the army's sprawling commercial activities.

The reshuffles in the army may help underpin Mr Jiang's leadership, but they are also a signal that China's military is set to become more, not less, powerful in the next phase.

Tony Walker

Thanks to our Clients.



High performance tax research

The most comprehensive CD tax reference services, HyperTax and HyperVAT are the ultimate research tools for checking the details of any aspect of tax legislation and compliance.

Operating on IBM and compatible PCs, you have immediate access to a wealth of tax data.

There are the full texts of all correct legislation, Inland Revenue and Customs & Excise statements and releases; details of thousands of tax cases and tribunal decisions; official forms, with instructions for completion; commentary on the latest Finance Act and much more.

Everything is updated regularly, and extensive indexing and oomeroos help screens enable you to find the information you need straight away.

You can enter a topic or item of

legislation and see at-a-glance all the information there is on the subject.

You can add your own notes and mark points for future reference.

It's also possible to back-track the last ten documents consulted and turn immediately to the first or last page of each document.

HyperTax and HyperVAT are easy to use, and the speed at which you can get the answer to your question or check the technicalities of the law knocks hours off research time.

To find out more, send for full details, or visit the Accountants and Financial Directors Exhibition at the Barbican, October 17-19, and see HyperTax and HyperVAT on stand 312.

For free tickets to the Accountants and Financial Directors Exhibition please return the coupon or call 0800 289 618.

Please provide more information on: HyperTax & HyperVAT
Please send free tickets to the Accountants & Financial Directors Exhibition

NAME _____
FIRM _____
ADDRESS _____
POSTCODE _____ TEL _____
FT Law & Tax
FREEPOST
21-27 Lamb's Conduit Street
London WC1N 3BR

Thanks to our clients, who have displayed their confidence in ING Bank by increasingly providing us with their most challenging business, ING Bank has won even more international awards this year than last. In Central and Eastern Europe, Latin America and Asia, ING Bank offices have received awards in recognition of their innovation and commitment to service. ING Bank, acclaimed by Euromoney as Best Bank in the Netherlands, is part of ING Group, the largest financial institution in the Netherlands.

For further information, please contact us on fax: 31.20.5635673.

ING BANK

NEWS: UK

Japanese-owned companies under scrutiny

By Peter Marsh in London

British managers working for Japanese companies in the UK are unhappier in their jobs than their Japanese counterparts, says a British manager for one of the companies. The British managers see more of a need to prove themselves, reports Mr Alan Jones, the general manager at NDM Manufacturing, in a dissertation for an MBA. NDM makes air con-

ditioning equipment for cars, and is 75 per cent owned by Nippondenso of Japan. Magneti Marelli of Italy owns 25 per cent.

Mr Jones's study of managers in Japanese-owned manufacturing businesses in the UK suggests that the British managers are less hungry for promotion than their Japanese counterparts. Part of the reason for the lower satisfaction by UK managers may be that

they appear to have difficulty assessing the non-verbal expressions of their Japanese bosses, and as a result are left uncertain about their employers' opinion of them.

Mr Jones's study is part of a dissertation for an MBA in which he looked at the cultural dimensions to Japanese operations in Europe. He questioned 20 Japanese and UK managers in 10 Japanese-owned companies in Britain.

Their answers appear to support his contention that Japanese businesses should do more to make staff aware of cultural differences.

The lower satisfaction score by UK managers about their work is partly explained, Mr Jones believes, by the Japanese tendency to break down managers' tasks into routine operations which many UK managers may feel do not "stretch" them enough.

"To the British manager who has been trained for many years within a functional specialism this process may seem unnecessary and can result in the loss of a perceived job challenge," he says.

According to the study, UK managers are keener than their Japanese counterparts on being seen as having a worthwhile job. This is related to the individualistic nature of the British and the inner

need to prove oneself, as well as the fact that promotion in British companies tends to be dependent... upon giving a visual perception that one is doing even more demanding work.

A Japanese manager, in contrast, may find himself in a job "which may not be to his total satisfaction, but which he will endure because he recognises that it is part of his overall training programme".

Cut prices on books to be stepped up

The Tesco, Woolworth, Dillons and W.H. Smith store chains plan to step up their discounting activity, Alice Rawsthorn writes. They achieved significant increases in sales of cut-price bestsellers last week in the first week of trading since the collapse of the net book agreement.

The multiple retailers launched heavily publicised price promotions last weekend after the demise of the pricing agreement, which has prevented the discounting of new books since 1990.

W.H. Smith, the UK's largest bookseller, has seen "substantial increases" in sales of its discounted titles, according to Mr Peter Bamford, its managing director. It plans to discount more books during the next few weeks.

Waterstones, the specialist bookseller owned by W.H. Smith, saw total sales increase 12 per cent on the first day of its discounting campaign. Mr Alan Giles, the managing director, said the increases were less dramatic in affluent areas, notably London's Kensington. They were most marked in provincial towns such as Maidstone, Kent, where Waterstones had found it difficult to sell hardbacks.

On Saturday, Dillons, the book chain owned by Thorn-EMI, cut the prices of 80 books by up to 40 per cent. Tesco, the supermarket chain, is considering plans to increase its book range.

Shipping and bus companies enter contest for early sell-offs from state network

First bidders appear for rail franchises

By Charles Batchelor, Transport Correspondent

Bidders are coming forward for the first three train operating franchises in the state network to be put on offer. Mr Christopher Garnett, until last March commercial director of Euro-tunnel, the Channel tunnel operator, is spearheading the Sea Containers' bid for two of the franchises. Sea Containers is one of nine groups short-listed last month by Mr Roger Salmon, the franchising director, to put in final bids for the Great Western, South West and the London, Tilbury & Southend lines. Final offers must be made by October 27.

Sea Containers is bidding for two of the first three franchises. Great Western and South West Trains, in part because these would fit in with its ferry services to the Isle of Wight. The company, headed

RAIL BIDDERS

South West Trains

MBO team

Stagecoach

Sea Containers

National Express

London, Tilbury & Southend

MBO team

Stagecoach

Prism

GB Railways

Great Western

MBO team

Stagecoach

Sea Containers

Resurgence Railway

By Mr James Sherwood, a flamboyant American, has adopted

a high-profile role, calling for

50-year rail franchises - the

government favours seven

years - and demanding that

the decision to separate train

operations from track owner-

ship be reversed. Stagecoach, a Perth-based company which is the largest UK bus group, is the only bidder to be short-listed for all three franchises. Headed by Mr Brian Sontar, the son of a bus conductor and an evangelical Christian, it has expanded through a series of acquisitions since obtaining a stock market listing in 1993.

Prism Developments, which is bidding for LTS, is a consortium of four privately owned bus companies with a combined turnover of £72m put together to bid for rail franchises.

Its shares are owned equally by Blazefield Holdings, EYMS Group, which already has a rail excursion business, Lynton Travel and Q Drive Holdings. Mr Kenneth Irvine, a former British Bus executive, has been appointed managing director to lead the bidding.

The bus companies face

potential monopolies objections to their bids but argue that ownership of rail lines would allow them to create timetables and ticketing systems which would integrate the two services and give benefits to travellers.

National Express, the coach group, which is bidding for SWT, has come to dominate the long-distance coach sector. The coach market is superficially similar to bus operations but, in fact, has a closer affinity with long-distance rail services. National Express has been diversifying its activities, acquiring East Midlands Airport and Bournemouth Airport.

The most intriguing bids are two from newly created management teams. GB Railways is headed by Mr Jeremy Long, formerly managing director of the motorway service area company, Pavilion Services,

which sold out to Granada five months ago. GB gets its rail expertise from Mr Michael Schabas, a Canadian rail consultant with a reputation for devising innovative solutions to rail problems. It hopes to stage a management buy-in for LTS, putting its own team of people alongside the existing managers.

Then there is Resurgence Railway Holdings, a low-profile group headed by Mr John Ansdell, finance director until 1993 of Trafalgar House, the property, construction and shipping group; with Mr Patrick King, a solicitor, and Mr David Evans, an executive search director. Companies House records provide no evidence of rail expertise in this group but it may have signed up outside advisers.

Finally, management teams from all three rail companies are bidding to acquire them.

Centrists flock to Labour leader's banner

By Andrew Adonis, Public Policy Editor

Mr Alan Howarth may be the first prominent Conservative to desert his party for Labour. But he joins a band of prominent converts from the centrist Liberal Democrats and the former Social Democratic party in what increasingly looks like a realignment of the "intellectual centre" behind Mr Tony Blair, the Labour leader.

The most recent Liberal Democrat convert is Mr David Marquand, a former Labour MP who joined the SDP in 1981. He followed Mr Roger Liddle and Mr Derek Scott, both of whom fought

parliamentary seats for the SDP in the 1980s and are now policy advisers to Mr Blair. Although they moved to Labour separately, there is a clear pattern to the desertions of Mr Howarth and the Liberal/SDP trio. All four are firmly centrist in their outlook, concerned to balance social cohesion with economic efficiency. And all four belong to that rare breed of politicians who have a deep interest in the content of policy and the ideas underlying political programmes.

None of them would claim to be immune to the tribal loyalties of politics. In an emotional article in this week's *New Statesman*, Mr Marquand

talks of rejoining Labour as "going home. If they would have me back" to the party both his father and grandfather helped forge.

Yet all the converts are what Americans call "policy wonks". Mr Howarth made his name as director of the Conservative Research Department in the early 1980s, and his resignation letter is a catalogue of policy disagreements with the government. Mr Marquand is professor of politics at Sheffield university and the author of acclaimed books including *The Unprincipled Society*, an intellectual prospectus for Mr Blair's brand of "socialism". Mr Liddle was until recently a mem-

ber of the Liberal Democrats' policy committee, and has a deep interest in issues of regulation and redistribution. To cap them all, Mr Scott is the ultimate in modern policy technicians: a chief economist at BZW who spends part of each week in Mr Blair's office as economic adviser.

The reasons all four joined - or rejoined - Labour are almost interchangeable. They see Britain facing a growing social crisis caused by the unbridled individualism of Thatcherism, with New Labour offering a social democratic alternative which is electorally credible and likely to be responsible in government under Mr Blair.

UK NEWS DIGEST

US group may enter market for tax returns

H & R Block, the leading US preparer of individual tax returns, is investigating entering the UK market with the advent of the new self-assessment tax regime in 1996. The company, which holds 12 per cent of the market in both the US and Canada, holds a final decision was imminent. The move will also add to the growing controversy over self-assessment by implying that the new tax forms designed for self-assessment are much more difficult to fill in than the present ones. Mr John Whiting, chairman of the technical committee of the Chartered Institute of Taxation, said: "This is a threat and an opportunity. The big question is the size of the market. My view is that it will cause more people to seek a tax adviser."

Jim Kelly, Accountancy Correspondent

London voted top location

London has been voted Europe's top business location for the fifth year in succession according to a survey of directors from 500 leading European companies. The survey conducted by international property consultants Healey & Baker asks businessmen to rank cities according to access to markets and customers, domestic and international transport links, cost and availability of staff, and quality of communication as well as property costs. The survey confirmed London's pre-eminent position with Paris in second place, Frankfurt third, Brussels fourth and Amsterdam fifth.

"The survey shows that businessmen all over Europe rate London higher than their own commercial centres," said Mr Paul Orchard-Lisle, Healey & Baker's senior partner.

Andrew Taylor, Financial Services Staff

Business optimism declines

Business optimism in the financial services sector fell by the biggest amount for three years in the third quarter of this year, says a survey from the Confederation of British Industry and Coopers & Lybrand, the accountancy firm. The decline, particularly marked among banks, general insurers and venture capitalists, was the steepest since Britain's exit from the European Exchange Rate Mechanism in 1992. But confidence among securities traders, life insurers and finance houses was up compared with three months ago.

PA News

Brokers state their terms

Brokers operating at Lloyd's of London are pressing for changes in the way the insurance market works in return for contributing to Lloyd's ambitious recovery plan. Proposals which would be of commercial advantage to the brokers have been floated in negotiations with Lloyd's executives. Lloyd's is hoping for a substantial contribution towards the recovery plan to help increase the current £2.8bn (\$4.4bn) proposed offer to loss-making and litigating Names. "What they [the brokers] are not prepared to do is to cough up merely to see the money go to wounded Names," said one Lloyd's insider.

Ralph Atkins, Insurance Correspondent

Foxhunter charged: The new foxhunting season began with the arrest of Mr Alistair Jackson, an official of the British Field Sports Society, Mr Jackson, a former master of the Cattistock Hunt in south-west England, was charged after allegedly punching a hunt saboteur in the face.

The Saab Sensonic gives you the joy of a manual shift on the open road. Without the drag of a clutch in city traffic.



At Saab, we enjoy driving as much as you do. Particularly zipping through the gears on the open road. What we have never managed to enjoy is pumping the clutch in a traffic jam. So, inspired by Formula 1 racing cars, we developed the Saab Sensonic, an ingenious electro-hydraulic transmission system that eliminates the need for a clutch pedal but retains the gearshift. Which means you can get the action of a manual with the convenience of an automatic. (What you might call the best of both worlds.)



SAAB
beyond the
conventional

مكتبة الأصيل

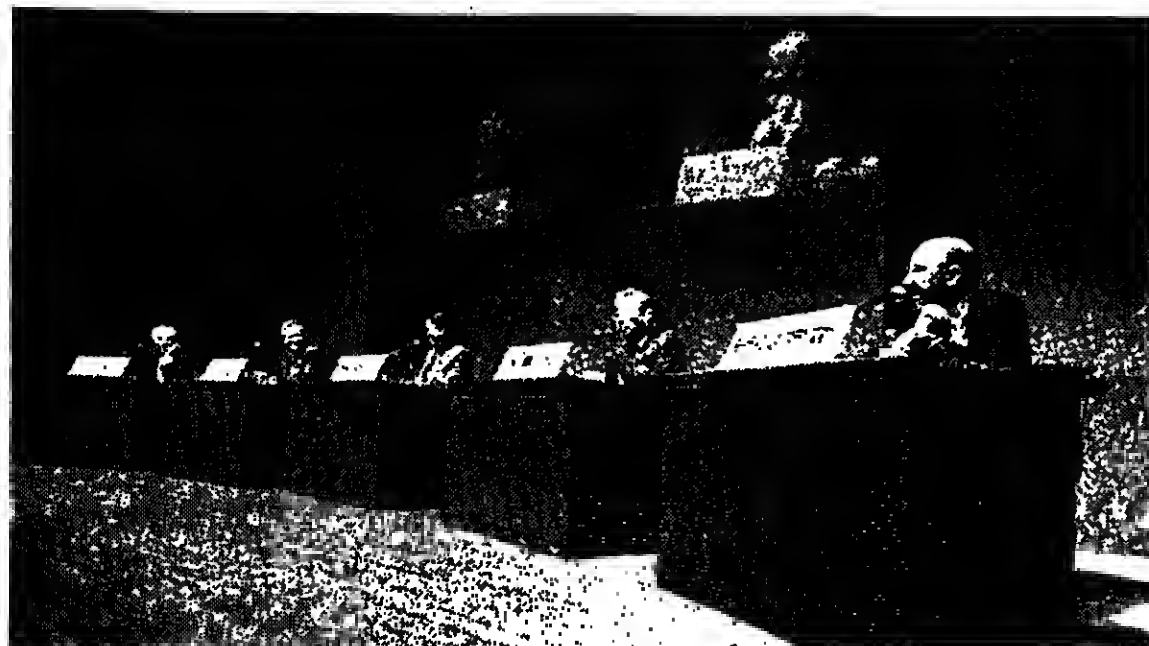
ADVERTISEMENT

The Future Structure of Japan's Telecommunications Market

Japan's telecommunications industry is on the threshold of fundamental change. Debate is raging both inside and outside the industry on how the government and dominant participants such as NTT must prepare for the challenges that new technology, new competitors and new consumer demands will bring.

How Japan might restructure its telecommunications industry was the subject of a symposium held in Tokyo on 28 September and organised by the Financial Times. "The event was very opportune," said symposium moderator Professor Shumpei Kumon, Director at the Center for Global Communications at the International University of Japan. "There is much heated debate at present about what the future structure of Japan's Information Communications industry should resemble."

The following pages contain summaries of speeches delivered at the symposium.



The closing session of the symposium, during which a panel discussion was held. Participating in the discussion were Professor Shumpei Kumon, Director, Center for Global Communications, International University of Japan (left), Mr. Alastair Macdonald C.B., Deputy Secretary, Industry Command, Department of Trade and Industry (UK), Ms. Rachelle B. Chang, Commissioner of the Federal Communications Commission (USA), Mr. Masashi Kojima, President of the Nippon Telegraph and Telephone Corporation, and Dr. Martin Fransman, Director of the Institute for Japanese-European Technology Studies at the University of Edinburgh.

"The Role of NTT in Japan's Telecommunications Market"

by



Masashi Kojima
President of Nippon Telegraph and Telephone

The trend toward a borderless world in society and in business that we have witnessed over the past five years has had a considerable impact on the information communications industry and on NTT.

The changes that have occurred in that industry have, in part, resulted from technological and commercial innovations. Examples relating to NTT spring readily to mind. NTT's optical fibre communications technology has upgraded the corporation's capability 100 times compared with that of 15 years ago. These innovations, and the progress of competition, have led NTT to reduce its toll call rates by one-fourth of peak levels.

In recent years, the most remarkable innovation has been digitalization, which NTT has already accomplished in its networks, which allows network users to easily produce, process, transmit and manage information inexpensively.

Other network technology innovations relate to radio technology and wireless communications where the use of multiple low-orbit satellites to provide wireless information communications services over vast areas will soon be feasible.

Innovations in computer technology are already having a profound impact on communications. When the high-capability computers of today and tomorrow are integrated with information networks, computer networking will remove boundaries among different industries that conventionally were not related to one another. This will help foster international competition and cooperation among industries.

These network and computer innovations are impacting upon the information communication industry in several ways.

First, competition is being enhanced. The telecommunications industry, which previously was monopolised or in some other way protected from competition, has been dramatically released from the old framework and is now prepared to progress in the liberalized market.

Second, the industry has become more global to meet the needs of customers whose requirements are today becoming increasingly global in scope.

Lastly, new information communications needs have been created through multimedia developments and the emergence of new businesses through the convergence of industries.

Against this backdrop, the domestic and global market structure of the information communication industry is undergoing a transformation. The question for telecommunications carriers is how to adjust to this changing environment. For NTT, four key tasks loom.

The first is the task of promoting competition, and here we can look to trends in other countries.

The telecommunications markets in most developed countries were monopolies until the 1980s. Thereafter, liberalization gave birth to competing carriers, though in most cases local telecommunications remained in the hands of the monopoly, largely for technical reasons.

Typical examples of this are found in the US with the divestiture of AT&T and the 1982 revision of the Communications Act, allowing dual entry between long-distance and local markets; and in the UK, where local area services through the use of CATV networks were introduced.

Notable among these trends is the opening by advanced nations of their dominant-carrier's networks to new parties; and, amid the progress in globalization and computer communications, the re-positioning of their dominant carriers as essential industry infrastructures to advance industrial abilities. Activating competition without dispersing the dominant carriers' power through divestiture is becoming a mainstream idea.

How, then, should competition be fostered in Japan's telecommunications market? The privatization of NTT in 1985 activated competition in long-distance telecommunications, although the current level of competition has now reached maturity. Conversely, portable telephones and the world's first PHS wireless service have been progressing faster than fixed telephone services and soon, CATV telephone services will begin.

Unfortunately the market's current framework is not conducive to expanded competition in local communications. To rectify this situation, two concepts for an ideal framework for Japan's telecommunications industry are suggested.

Cont on next page

FOREIGN BUSINESSMAN ENJOYS
BEAUTIFUL NIGHT VIEW OF TOKYO.



FOR 7 HOURS.

Poor guy. Jet lag hit him hard. Imagine how he felt the next day.

What can he do? Head for the Hotel Okura and enroll in our unique Jet Lag Plan. Specially designed to get jet loggers up on their feet and raring to go, it includes a Light Box to help put your body's clock back on schedule, a Health Club workout and Jet Bath, Relaxation Videos, a Body Sonic Massage, your choice of pillows to help you sleep better (we'll even remember your favorite for your next visit), and special breakfast and dinner suggestions for extra energy.

The Jet Lag Plan is only ¥10,000 extra per day, or free for members of the Okura Club International, our special program for frequent guests. To receive a free brochure, simply mail your name and address to Hotel Okura, Public Relations Office, 2-10-4 Toranomon, Minato-ku, Tokyo 105, Japan, or fax to 3-3582-3707.

Hotel Okura
TOKYO

The Hotel Okura is the flagship hotel of the Hotel Okura Chain, and a member of
The Leading Hotels of the World and UTELL International.



Putting Clients in the

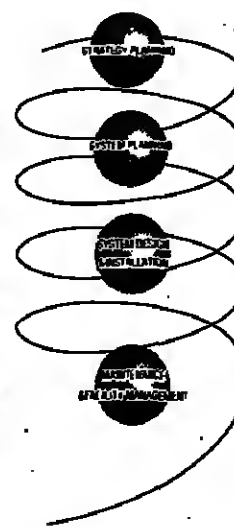


The meeting of knowledge with know-how

Graceful and flexible, the Japanese hiragana syllabary character 知 is used to make nouns possessive. This character is pronounced "no," but at NTT Data, we spell it "know."

"Know" is for the knowledge our client companies possess. Because our job is to create data systems which enable them to store, access and communicate that knowledge. And data systems which also help them add to their store of knowledge.

"Know" is also for the know-how we possess. A flexible kind of know-how which we can apply to creating systems accurately reflecting our customers' individual needs.



Flexible systems tailored to the job

Value creation at NTT Data also means the ability to handle any job, however large or small.

With capabilities ranging from consulting and design to system construction and operation, we respond to any request regarding systems. And when there is no system which can do the job, we go to work to develop a new one.

NTT Data offers effective, up-to-date information services in the health and medical fields. These include our Hospital Information System, Regional Health and Medical System, and Emergency Medical Information System.

Ever wonder why we are called the "value creators"? Now you know.

The Value Creators: Creating Potential through Information

NTT DATA COMMUNICATIONS SYSTEMS CORPORATION

Toyosu Center Building, 3-3, Toyosu, Koto-ku, Tokyo 135, Japan

ADVERTISEMENT

The Future Structure of Japan's Telecommunications Market

First is an open framework in which new carriers, by connecting their lines to a dominant network, can start their services for a certain scale of users without having all facilities themselves. This framework will force existing carriers like NTT to completely alter their perspectives, though we fully realise that this is inevitable for promoting competition.

Second, deregulation or the creation of liberal business environments without business boundaries is essential and should replace the existing framework, where divisions exist among businesses such as Type I/Type II carriers, international/domestic, long-distance/local, and line-based/wireless. So long as the telecommunications industry, supported by technological innovations, is fostering competition domestically and globally, these sub-divided frameworks will present obstacles to further development. If the option of dividing NTT is adopted, this will simply result in a further sub-divided market. Network openness and deregulation are indispensable for the further development of the information communications industry; so long as the old framework remains, I am afraid that Japan's telecommunications will become obsolete in the international market.

Though the open framework advocated by NTT will impact severely on our management, the Corporation intends to pro-actively open its network. In short, NTT will accept all requests from carriers to connect their networks to NTT and will ensure that other carriers can connect their networks to NTT's.

The second task confronting us is responding to globalization.

With the relaxation and even abolition of national regulations that restricted foreign investment in telecommunications in developed countries, it is now common for foreign carriers to provide services across borders. Of course, the principle of reciprocity applies, and it is essential to open a country's domestic market if its carriers are to establish themselves internationally.

An example of such reciprocal arrangements is the alliance between BT and MCI in which the former holds 20 percent of MCI's stock and in return US local telephone companies gain access to Britain's CATV telephone business.

NTT's approach is to develop its operations on a borderless, worldwide scale on the basis of this international reciprocity to meet the increasingly global needs of users.

Thirdly, we must address the task of establishing a multimedia service infrastructure.

One of the high-priority issues facing today's communications industry is how to build computer networks that make it simpler for users to handle, store, process and transmit information. Once these networks are in place, traditional sector boundaries on both an international and a domestic scale will be swept away.

In June this year, NTT became the first in the world to announce new services launching the multimedia age, including the construction of a connection-less, laterally-distributed network on the Open Computer Network concept.

Of course, NTT can't claim to possess all the expertise in-house to realise this goal and has been conducting joint multimedia tests using the 156M ATM link—a high-speed broadband backbone network—to coordinate development with users and companies in other industries. We have also formed an alliance with CommerceNet of the US to help develop that country's cyber-business.

Lastly, amid these changes NTT must maintain and strengthen its R&D capabilities. The Corporation's integrated R&D structure has conventionally enabled us to concentrate resources on high-risk R&D activities necessary for network infrastructures. NTT's comprehensive R&D strengths and technical evaluation capability are the basis of our proactive joint development programmes with companies such as Microsoft and General Magic as we work to create a foundation for multimedia services in which new applications will bloom.

In conclusion, the present environment for telecommunications is one in which dramatic developments in technology mean that progress is measured in years and months, not decades. In the midst of these changes, NTT's tasks are to meet the challenges of promoting competition, to respond to globalization, to establish a multimedia service infrastructure, and to maintain and strengthen our R&D capability.

Competition in telecommunications has produced very great benefits in the United States, for both consumers and service providers. Americans, particularly my colleagues at the Federal Communications Commission (FCC), are so committed to the notion that we are constantly searching for new sources of competition.

We in the US government would like to welcome ALL new talent to our telecommunications market, including companies from throughout the world, and fortunately the global political climate has never been more favourable to the development of competition in telecommunications.

The world is coming to understand the need for competition and is writing rules for competition on a global and national basis. In January, US Vice President Al Gore announced a Global Information Infrastructure Agenda for Cooperation (GIU) presenting the US strategy towards the challenges of the current telecommunications revolution, and encouraged world leaders to come together to meet those challenges.

Of the five principles on which the GIU is founded, competition plays a key role. Other principles include the encouragement of private investment and creation of a flexible regulatory environment. Japan, like many of our global partners, continues to debate what strategy to pursue.

In the mid-1980s Japan embarked on a program of liberalisation in the telecommunications market, but despite the creation of New Common Carriers ten years ago to compete against NTT for domestic long-distance, NTT continues to dominate the domestic telecommunications market.

There are many similarities between the Japanese situation today and the US experience in introducing competition to the telecommunications market.

Once, AT&T maintained a monopoly on telecom services and equipment in the US. Competition was first introduced in telephone services in 1969 when the FCC granted MCI permission to provide point-to-point microwave services. Eventually, more than 1,700 service providers filed applications to enter the US telecommunications market.

Despite the emergence of competitors as early as 1969, the new carriers faced technical and regulatory obstacles that continued to protect AT&T's dominant position. This prompted the US Department of Justice to file an antitrust suit against it, an action that led in 1982 to an agreement between the Justice Department and the company that stipulated, among other things, that AT&T divest its local telephone companies while maintaining long-distance and manufacturing operations. Meanwhile, the FCC wrote rules governing interconnection of long-distance carriers to the local network.

Fostering competition has brought benefits in four major areas. First, it has resulted in substantially increased traffic and penetration rates. Second, though some 70,000 jobs were lost initially through the restructuring of AT&T between 1988 and 1992, over the same period nearly half a million new jobs were created in communications and emerging information markets like computer software. Third, competition has produced a diversity of services and products based on consumer needs. Finally, competition has improved network modernization and service quality such as the laying of fibre optic cables.

In order to safeguard a competitive market, from our experience at the FCC there are several important measures that must be adopted.

To begin, it is critical that interconnection be fair and economical and that interconnection terms are uniformly and widely available on a non-discriminatory basis for customers as well as for all competing carriers.

Next, the competitive market must be protected by steps designed to prevent cross-subsidization by the dominant carrier. With the emergence of competition, the dominant carrier can obtain an unfair price advantage by shifting to monopoly services the costs incurred to provide services in a newly-competitive market. Such practices should be regulated against.

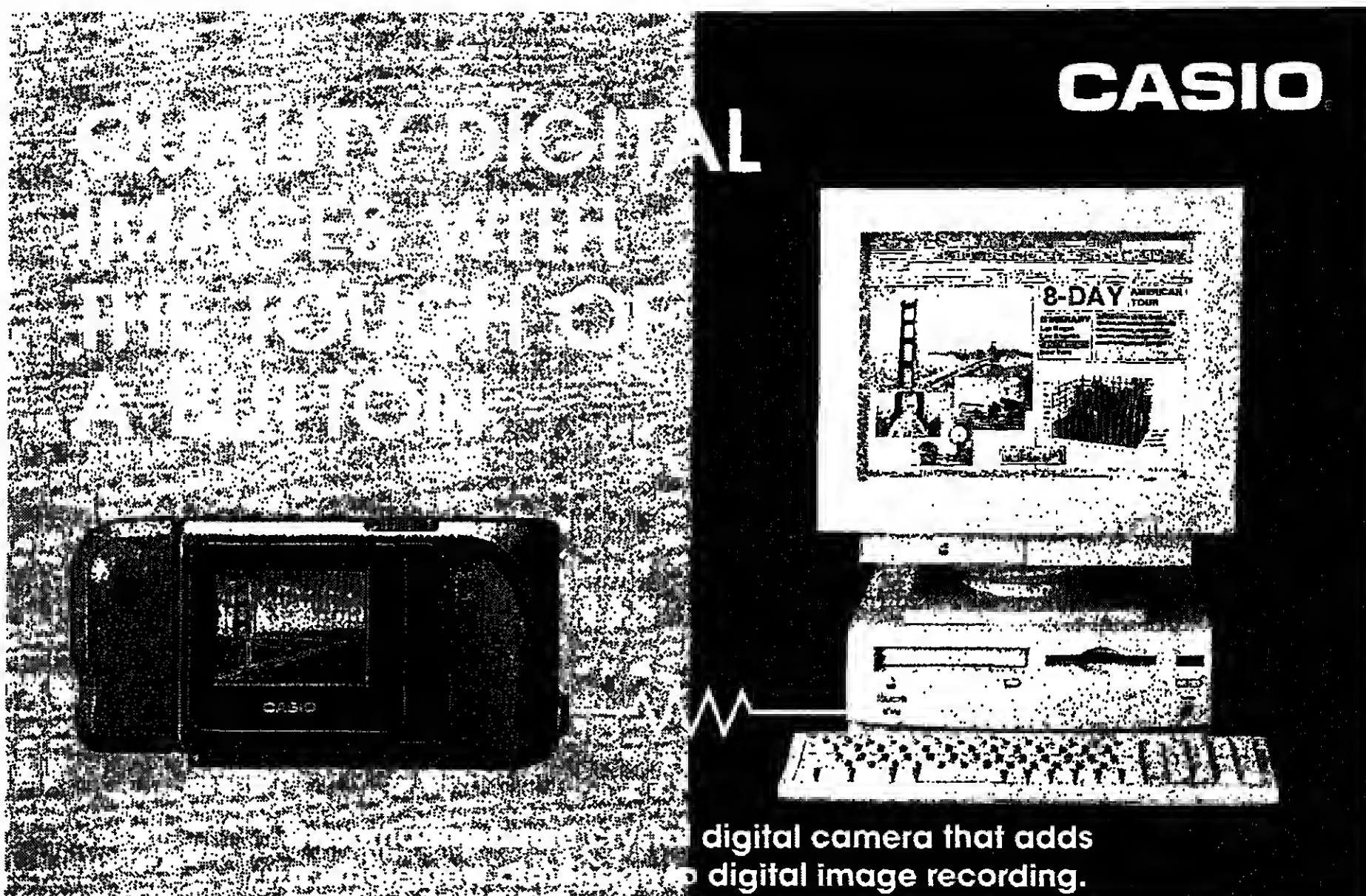
Another important measure to safeguard competition is transparency or procedural openness so that dominant carriers and regulators can be held accountable to the public.

The final protective measure is having a regulator that is independent of service operators. Otherwise, potential conflicts of interest can arise when a government is an owner responsible for the financial performance of the dominant carrier.

The US cannot be said to be fully competitive in all market segments. We also continue to evolve but we are swiftly moving in the direction of increased competition and less regulation. Indeed, at this moment the US Congress is working on passage of a new law whose primary goal is to enhance competition in all telecommunications sectors.

Internationally, work is being done to negotiate commitments to liberalise trade in telecommunications.

Cont on next page



CASIO

digital camera that adds digital image recording.

① Input images directly into your computer.

An optionally available Connection Kit lets you connect easily to a personal computer and transfer data in digital format, which minimizes loss of image quality.



② Edit and modify images after you upload them.

Image data can be stored in PICT, TIFF, or BMP format and imported directly into graphics and DTP applications. This means you can incorporate digital images into a database, report, or just about any other type of document or file you want. Images can also be downloaded back to the QV-10 after editing and taken along with you wherever you go.

Digital data transfer using an optional Connection Kit

An optional Connection Kit lets you upload images from the QV-10 to your personal computer. Edited images can be transferred back to the QV-10 and taken along wherever you go.

- LK-1B for MS-Windows
- LK-2B for the Macintosh

"The Role of Competition in Promoting the National and Global Information Infrastructure"

by



Rachelle B. Chong
Commissioner of the Federal Communications
Commission (USA)

Personal Computer Connection

You can use either of the two methods described below to connect to a personal computer and exchange image data quickly and easily.

① Connection using an optional Connection Kit
Items contained in the optionally available Connection Kit let you transfer data from the QV-10 to a personal computer in digital format, which protects against loss of image quality.

* Image data can be converted from CASIO's CAM data format to TIFF (MS-Windows), Macintosh's BMP (Macintosh), or PICT (Macintosh) data. Commercially available software can be used for data editing and modification. * Images uploaded to a computer are 740 x 510 dots.

Connection Kit (includes software, cable, and converter)

● LK-1B for MS-Windows ● LK-2B for the Macintosh

* Connector Configuration: Windows: RS-232C (9-pin female), Macintosh: RS-422 (8-pin)

* A commercially available RS-232C straight cable (14-pin male to 25-pin female) is required for a personal computer with a 14-pin connector.

② Connection to a personal computer equipped with video capture capabilities

Some personal computer models come with a video capture capabilities built-in. Such a computer can be used with the QV-10's Video Capture Mode.

* With this configuration, you can not only save data from the QV-10 to your personal computer, you can also download data from the computer.

* The QV-10 cannot be connected to an S-video terminal.

* MS, Microsoft, and MS-DOS are registered trademarks of Microsoft Corporation.

* Windows is a registered trademark of Microsoft Corporation.

* IBM and IBM are registered trademarks of International Business Machines Corporation.

* Macintosh is a registered trademark of Apple Computer Corporation.



System Requirements

● LK-1B: IBM PC or compatible

● Microsoft Windows 3.11 or later * 80386 CPU

● Higher (486 or recommended) * 4MB of RAM (4MB recommended) * 10MB available hard disk space

● Color display (full-screen recommended) 640 x 480 dots (or better) * 16-bit color display (or better)

● RS-232C serial port (9-pin D-sub 25-pin) * Mouse or other pointing device

* Power connector is not provided with Windows 3.1

* Application will not run with Windows 3.1

* Please contact your local Casio representative for more information

● LK-2B: Macintosh

● System 7.1 or later * 80386 CPU or higher (80486 recommended) * 4MB of RAM (4MB recommended)

● 10MB available hard disk space * 16-bit color display

● Full-screen recommended * 640 x 480 dots (or better)

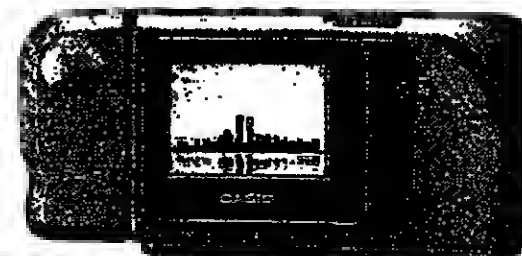
● Color display (full-screen recommended) * 16-bit color display (or better)

* The application will not run with Macintosh 68000

* Please contact your local Casio representative for more information

Snap, View, and Edit digital data

● View images as you record them. ● Stores up to 96 images in memory. ● Compact and lightweight: 190g (excluding batteries) 130 (W) x 40 (D) x 66 (H) mm



The ultimate digital image recording tool.
LCD DIGITAL CAMERA QV-10

CASIO COMPUTER CO., LTD.
Tokyo, Japan

مركز الأبحاث

ADVERTISEMENT

The Future Structure of Japan's Telecommunications Market

services in the most important world markets by the WTO's Negotiating Group on Basic Telecommunications (NGBT). By April 1996 the NGBT must conclude an agreement that would allow all carriers—regardless of their nationalities—to serve their customers virtually anywhere they might be.

If we are to seize this unique opportunity to sweep away barriers to global trade in basic telecommunications services, then Japan and the United States, as two of the leaders in this negotiation, must be prepared to move well beyond the status quo to eliminate remaining barriers to market entry.

The choice is clear: a non-competitive and smaller market with fewer players, higher prices and reduced service choices, or a competitive, expanded market with many, diverse players, lower prices, and many innovative services.

We all need to be aware that a failure of the NGBT to come to an agreement by April 1996 will set us back for years to come. It is time for global leaders to demonstrate their courage and leadership as the race for the development of the national and global information infrastructures continues.

"The Winds of Change in Japan's Telecommunications Market"

by



Dr. Martin Fransman
Director of the Institute of Japanese-European
Technology Studies at the University of Edinburgh

Japan is at a watershed. Over the next six months some decisions will have to be made regarding the regulations, the procedures, and the shapes of the firms that are to play key roles in the future development of the country's telecommunications industry.

These decisions will inevitably impact upon Nippon Telegraph and Telephone, Japan's dominant telecommunications supplier around which winds of change are already blowing. To appreciate the importance of these events, a context is needed.

A unique feature of the Japanese telecommunications industry is the separation of services between international carriers—represented by KDD, IDC and ITT—and the national service provided by NTT and three New Common Carriers DDI, Japan Telecom and Teleway Japan. Other major countries do not separate domestic and overseas services.

Another feature of the Japanese market, however, is found in other countries and that relates to the size of NTT. In 1994, NTT recorded total revenues of about \$65 billion. By comparison, the revenues generated by DDI and KDD were about one twenty-fifth the size of NTT's. Thus, as in the case of the UK with BT, Japan has one overwhelmingly dominant player. In terms of national market share, NTT holds a dominant 98 percent of the local market, although its share of long-distance business is about 57 percent. In other markets such as cellular, NTT's share is about 60 percent.

It is against this structure of the Japanese telecommunications market that several strong winds of change are now blowing that could weaken NTT's position. The first is competition and in particular, increasing competition in the local market.

In the local market, NTT faces growing competition from three major sources. First, the optical fibre network being constructed by Japan Telecom and also the electric power companies that will compete with NTT's network. Second, the rising popularity of cellular phones will compete with NTT's fixed network. Third, cable telephony, which was deregulated in Japan in March 1994 will increasingly provide new opportunities for domestic and foreign competition. Next, over the longer term, PHS will constitute a more important source of competition, while slightly further ahead, competition will also come from satellite-based consortia.

The message here, then, is that competition is increasingly going to be a wind of change regardless of what decisions are made in Japan about regulations and new kinds of institutions.

The second major wind of change concerns the hotly-debated issue of NTT's possible divestiture. Those in Japan advocating the break-up of the corporation cite the following three arguments.

The first is the power argument: NTT is economically, financially and politically too powerful. The second relates to organization and the dis-economies of scale of large organizations: big organizations are bureaucratic and inefficient while small organizations are fleet-footed, more focused and perhaps more flexible.

The third argument goes that divestiture is needed for competition reasons, and here there are two sub-arguments: one, that only through divestiture can the issue of interconnection be resolved, and two, only

through divestiture will there be sufficient competitive pressure to ensure that costs are reduced and service improved.

Those taking the opposite view against the splitting of NTT present four reasons in support of maintaining the corporation's current status.

The first argument they use is that even NTT's power—great though it is at the moment—is limited in the longer run by competition. Supporting their contention, they point to IBM, the dominant player in the computer industry for so long but which faced competition from new technologies.

The second argument against NTT's divestiture is that break-up itself may be inefficient and here, again, several sub-arguments are given. First, break-up requires some duplication of costs among all the broken units; next, network coherence may be broken as different entities go their own way; and lastly, break-up would interfere with the work of NTT's excellent electrical communications research laboratories.

Two other arguments are presented by those wanting to keep NTT the way it is. First, NTT needs size if it is to be a global player. Second, break-up won't necessarily solve the problem of interconnection; even if NTT is broken into several smaller units it is not clear whether smaller, local units will perform better regarding interconnection.

To the question of divestiture there is no unambiguous answer. In the UK it was decided that BT need not be broken and that new competitive forces would help create the kind of telecommunications market desired. It was the opposite in the US where AT&T was divested. The Japanese authorities will have to resolve the question one way or the other.

Finally, the third major wind of change blowing over Japanese telecommunications is globalization. It is important to remember that Japan is unique at the moment among major countries for its separation of domestic from international carriers.

Also noteworthy is Japan's current lack of a major player in the emerging global telecommunications market providing services for global customers. If Japan is to be a major player in these markets—not a small player focusing on niche markets—then it is clear that NTT will have a key part in these emerging markets. This question does, however, present problems for Japan's regulatory authorities because the Posts and Telecommunications Ministry has been reluctant to give NTT the right to enter lucrative markets outside Japan.

These three important winds of change, then, will profoundly alter the structure of Japan's telecommunications industry. Competition will inevitably grow irrespective of what decisions are made by the authorities. The question of NTT's divestiture will have to be resolved. And lastly the issue of globalization will have to be addressed: how can Japan benefit from, and participate in, these growing global markets.

"Future Direction of Japan's Telecommunications Policy"

by



Yoshio Utsumi
Deputy Minister for Policy Coordination,
Ministry of Posts and Telecommunications (Japan)

Discussing the future direction of Japan's telecommunications policy requires a context. We must examine some of the issues Japan is likely to face in the future and what the role of telecommunications should be in relation to those issues.

In this regard, three points need to be addressed. The first concerns Japan's rapidly ageing population. If 'aged' is defined as people 65 years and older, then in France and the UK it was in 1865 that the portion of 'aged' people in their total populations was 7 percent—about the time when Japan was undergoing the Meiji Restoration. It was not until 1980—some 115 years later—that France and the UK saw the portion of aged in their populations reach 14 percent. In the US, those aged 65 and older reached 7 percent of the total population in 1945, and the 14 percent level is not expected to be reached until 2020.

In Japan, by stark contrast, a mere 25 years ago in 1970 some 7 percent of the population was aged 65 and over, and next year in 1996 that portion of 14 percent is likely to be passed. So while France, the UK—and to a lesser extent the US—have been able to adapt to this change in demographics gradually, in Japan the transition will have occurred in just 26 years.

Similarly, over the next 15 years it is expected that 90 percent of growth in Japan's population will occur in Tokyo, with growth in the rest of the country likely to account for just 10 percent.

This highlights another important trend with implications for communications. Already today, some 32 percent of Japan's total population is concentrated

in Tokyo and its environs. The city and its closest suburbs contribute a huge 37 percent to the country's total industrial production, and nearly two-thirds of all major Japanese corporations whose annual revenue is 1 billion yen or more are headquartered in the capital city.

The third issue concerns Japan's prolonged economic recession. Opinions vary widely as to the causes of this recession, but a key factor has been the yen's appreciation against the US dollar over the past decade. As a consequence, much of Japanese manufacturing—once the mainstay of the country's economy—has had to relocate abroad where production costs are lower in order to remain competitive internationally.

It is no exaggeration to say that these three issues will have a profound impact on Japan's social and economic future. In order for the country to remain a force in the world economy, the problems these issues raise must be solved. I believe that the information and communications industries can contribute to solving these problems.

For example, a major worry for elderly people is health care and the need to travel long distances to receive medical attention. The use of teleconferencing where doctors and patients communicate face-to-face over long distances would ease some of these concerns. The widespread use of this technology, together with computer communications systems, would also enable more companies to locate outside Tokyo and thus ease the concentration of commerce in the capital.

At the same time, Japan could restructure its economic base by developing technologies rather than products for export. The country would be driven by skills rather than manufacturing expertise. Much evidence exists to suggest this is already happening. If an industry's strength is measured in terms of capital investment, then the telecommunications industry is prospering. Out of total capital investment allocated by industry during the current fiscal year of 40 trillion yen, some 8 percent or 3.15 trillion is being spent by the telecommunications sector.

The question, then, is what policies should be pursued in order to foster the growth of telecommunications.

The development of telecommunications in Japan was driven after World War Two by the two government-owned telecommunications monopolies, namely NTT for domestic services and KDD for international. Placing the responsibility for developing telecommunications networks in the hands of two monopolies functioned very well and enabled Japan to establish modern communications networks in a very short time.

Gradually we began opening the market to outside players and in 1985 privatized NTT to introduce full-fledged competition to the marketplace. In the new competitive environment, both the economy and the consumer have benefited. For example, today some 2,474 companies are involved in the industry compared with just 85 in April 1985 when NTT was privatized. Through the entry of New Common Carriers in the long-distance telephone market, charges have fallen by more than half. Competition in provision of international communications services has also seen overseas call charges drop by nearly two-thirds over the same period.

Nevertheless, it must be admitted that in the so-called local loop, NTT still dominates. Although last fiscal year the three domestic NCCs generated revenues of 628.4 billion yen, nearly half of this they paid to NTT in connection charges for use of its local lines.

How to rectify this situation is just one of the matters now being discussed by the Communications Council, an advisory body to the Posts and Telecommunications Minister that is expected to conclude its deliberations by March next year. Other issues being addressed relate to the status of NTT, how to promote competition in the market to enhance the quality of service provided for consumers, how to promote and maintain Japan's strength in research and development in communications, and how Japan can survive international competition that is certain to grow in strength in the years ahead.

These are the kinds of questions confronting the Japanese government today as it formulates its future policy on telecommunications.

"UK Telecommunications: Strategy Towards Competition, Global Partnerships and Alliances"

by



Alastair Macdonald
Deputy Secretary, Industry Command,
Department of Trade and Industry (UK)

In telecommunications today, we are facing a global challenge to ensure that we can adequately meet the growing demands and technological changes of the 21st century and beyond.

The Information Society is already upon us. How we respond to it will determine whether our countries will succeed in harnessing the major benefits which the Information Society potentially holds. This means a regulatory framework and high-quality content for delivery over information superhighways.

In today's global marketplace, individual countries need to take decisions on their own telecommunications policy and systems with a clear view of the global environment. The old pattern of monopolies is becoming increasingly irrelevant and technically difficult to maintain. In the UK, embracing change rather than attempting to hold it back was considered best.

In the UK telecommunications market we have introduced competition in all domestic and international services and welcomed foreign investment in our networks. As a result the UK telecommunications market in the last decade has experienced unprecedented expansion. We have moved from a telecommunications monopoly in 1984 to the position where we now have over 150 licences allowing people to build or run networks for all domestic services and also ISRs.

Moreover, since 1984 the prices charged by British Telecom (BT)—the former government monopoly that is now privatised—have fallen by over 35 percent in real terms. We have a fully competitive market, with investment last year of over £5 billion, and with BT competitors for the first time overtaking their spending on network investment.

In addition, 135 cable companies are building their networks. As of August this year 1 million telephony lines had been provided by cable companies, double the figure last year and growing at 50,000 a month.

Despite the strong downward pressure on pricing by UK regulatory authorities and the strong competition, BT remains a highly profitable company with profits of well over £2.5 billion last year. By giving domestic and business customers more choice, the market is growing faster than ever.

In the UK, competition has been viewed as playing a key role in the telecom industry's development. In the ever-changing climate of communication needs, it is not governments but the private sector who will build the information superhighways.

In the UK, though the government views its role as facilitating market development by private enterprise, regulation targeted particularly at dominant operators is still needed to allow new market entrants the chance to catch up. Paradoxically, in order to reach the goal of full competition and minimum regulation, we have to introduce some quite tight regulation to allow the competition to become established.

The independent regulator OFTEL, whose office was created under the UK Telecom Act, ensures that a fair and transparent market exists for both consumers and new suppliers. As the market progresses and genuine competition develops, the need for regulation declines and market forces provide the necessary balance. Indeed, regulators must be ready, when appropriate, to deregulate, though it is important to appreciate that deregulation does not necessarily mean less—or less effective—regulation, but ought to mean better regulation.

The benefits accruing to the UK through its competition and liberalisation policy can also apply globally, encouraging economic development; building networks; providing better services; and diversifying sources of investment capital.

It is consumer demand, and the breakdown of traditional one-market, one-carrier structures, that is bringing about the globalisation of telecoms. In this, the formation of alliances and partnerships such as that between BT and MCI looks set to become a major theme. In a fully competitive market without foreign ownership restrictions, alliances and partnerships can provide the same advantages globally that we have already seen in some national markets.

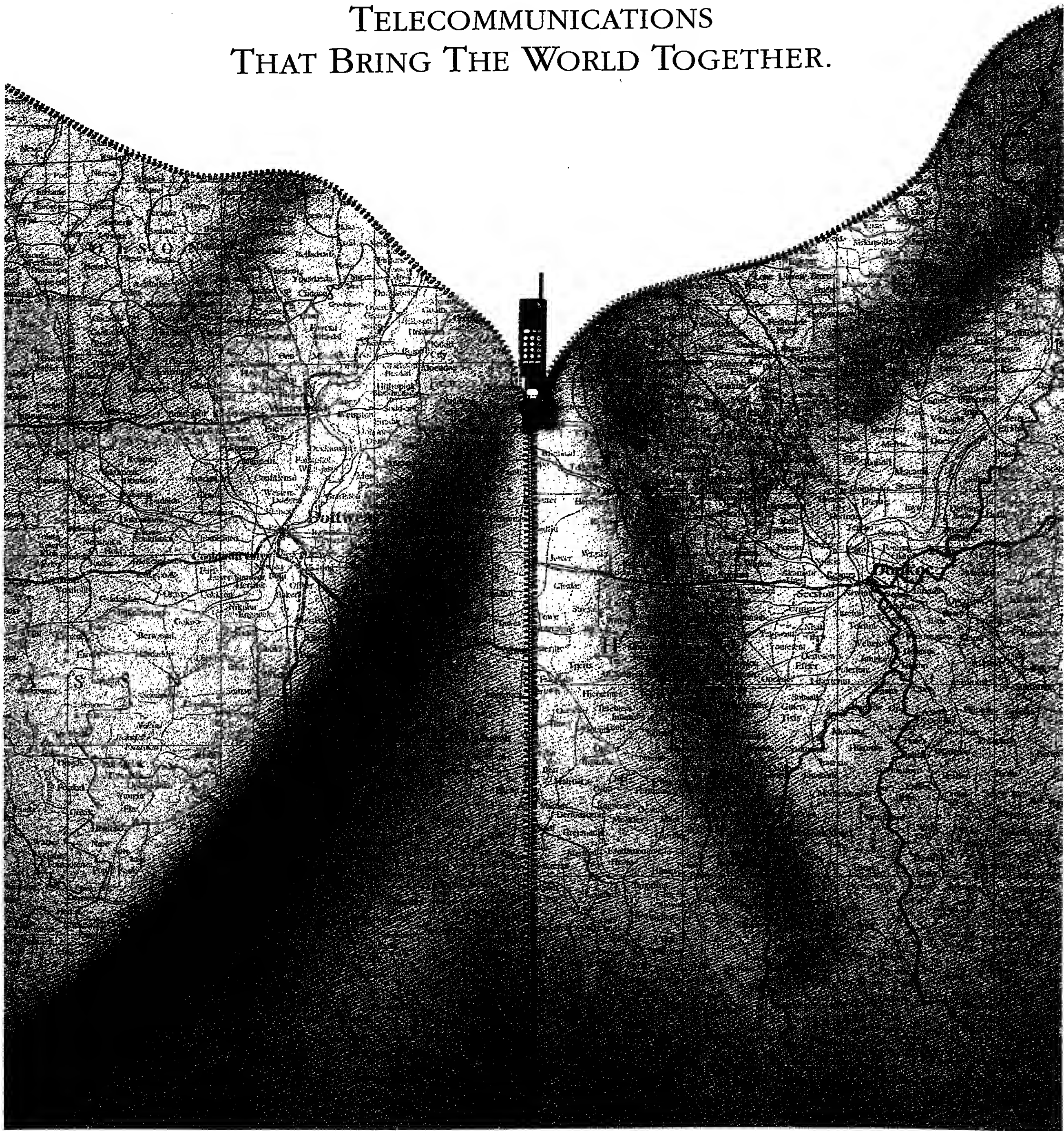
For the global telecom market to flourish, we need flexibility in our regulatory systems to encourage world players to base themselves in countries like Japan and the UK.

But globalisation also means letting consumers and service providers have access to low-cost, plentiful capacity to make using telecom and multimedia services as natural a purchase as a newspaper or magazine. Unless the price of telecom infrastructure is brought down through competition, and unless innovation in the network is encouraged, we will wait a long time for the Global Information Society to develop.

To conclude, there is no doubt the UK economy has benefited considerably from liberalisation of the telecommunications market and the competitive environment which has been created in the UK. One of the lessons learned is the crucial importance of a fair and transparent interconnection regime as an essential part of the development of a flourishing competitive market.

Japan, with its three international carriers, is already advanced in telecommunications competition compared to many other regimes. There is already competition in the long-distance market, and Japan is developing competition in the local market as well. We would very much welcome a strong Japanese world presence, developed in such a way as to provide the possibility for UK companies to co-operate with Japan, so that together we could take the important steps we need to take towards the Information Society of the future.

TELECOMMUNICATIONS THAT BRING THE WORLD TOGETHER.



Today, it's important to have a telecommunications partner that brings your world together. NTT, Japan's largest telecommunications carrier, has operated the nation's phone system for 110 years. One out of two people in Japan now has a telephone, which brings the country together. With a focus on the future, NTT's optical fiber and cable business is at the forefront of multimedia development. Working with local telecommunications companies around the world, NTT can

bring the system together with a one-stop, total communications service, including planning and infrastructure. In addition to such technical support as maintenance, technical assistance, training, and education. And with a focus on R&D — with over 3000 patent applications each year — NTT will be bringing it all together for generations to come. You and the world. Together with NTT.



THE MEANS OF COMMUNICATION

TOKYO 81 (3) 5359-5111, BANGKOK 66 (2) 236-0444, BEIJING 86 (10) 501-3201, GENEVA 41 (22) 798-3840, JAKARTA 62 (21) 331543, KUALA LUMPUR 60 (3) 238-4077, SHANGHAI 86 (21) 374-8795, SINGAPORE 65 293-3400, LONDON NTT Europe Limited 44 (171) 256-7151, PARIS NTT France S.A. 33 (1) 4076-0660, DUSSELDORF NTT Deutschland GmbH 49 (211) 164700, NTT America, Inc. NY 1 (212) 651-0810, MOUNTAIN VIEW 1 (415) 940-1414, LA 1 (310) 516-2111, RIO DE JANEIRO NTT do Brasil Ltda. 55 (21) 552-6667

هكذا من العمل

MARKETS
THIS WEEK



GERARD BAKER:
GLOBAL INVESTOR

One Japanese bank has made something of a name for itself in the government debt market recently. But fortunately for the rest of the banking sector, the Daiwa debacle in the US treasuries market has a rather more positive counterpart on the other side of the Pacific. Page 26



ROBERT CHOTE:
ECONOMICS NOTEBOOK

The elimination of excessive government borrowing has long been prescribed by the international policy-making establishment as a sure-fire remedy for every economic ill - US anxiety about the weakness of the dollar is a case in point. But would cutting the deficit really lift the dollar? Recent history suggests not. Page 26

BONDS:
Ireland's tiny government bond market, for so long struggling in the shadow of the larger UK gilt market, appears to be shaking off the attentions of its neighbour. Page 26

EQUITIES:
The bookbuilding process is designed to direct stock into the arms of the keenest investors. However, in the case of Telefonica, the Spanish telecoms company, it failed to do that. Page 28

EMERGING MARKETS:
Last week's jump in Philippine inflation from 8.4 per cent to 11.8 per cent has sent Manila-based analysts scrambling to revise year-end market forecasts. Page 27

CURRENCIES:
The annual meetings of the IMF and World Bank, combined with a few public holidays, may be sufficient this week to dampen any dramatic moves on the foreign exchanges. Page 27

COMMODITIES:
Aluminium traders will return from the weekend break today to face an uncertain outlook. Initially all eyes will be on Canada, where three Alcan Aluminium smelters were hit on Friday by an all-out strike. Page 28

INTERNATIONAL COMPANIES:
The supervisory board of Deutsche Postbank has thrown its weight behind management efforts to fend off a bid from a consortium headed by Deutsche Post, while making it clear that it wants co-operation with the German post office. Page 28

UK COMPANIES:
The battle over Scholl will intensify this week with rebel shareholders claiming four unsolicited approaches from potential bidders for the healthcare products group. Page 24

STATISTICS
Base lending rates 31
Company meetings 19
Dividend payments 18
FT/SE-A World Index 26
FT Guide to currencies 27
Foreign exchanges 31
London recent issues 31
London share service 34-35
Managed fund service 36-37
Money markets 31
New int bond issues 28
New York shares 36-37
World stock mid indices 30

Bata executives quit in strategy row

By Bernard Simon in Toronto

Bata, one of the world's biggest shoe manufacturers, has lost three of its senior executives after disagreements with Mr Tom Bata, the forceful Czech-born octogenarian whose family owns the Toronto-based company.

Mr Stanley Heath, who joined Bata only 15 months ago as the first non-family chief executive, said: "We had some basic differences that we couldn't resolve." Mr Heath, 57, declined to give details, beyond indicating that the problems arose recently after a "magnificent" first year in the job.

According to other sources, the disagreements revolve around the pace of change

Triple resignation blamed on disagreements over retail side with Czech-born figurehead

in the group, especially its retail operations. Bata employs about 65,000 people in 65 factories and 6,000 stores around the world. Its retail chains include Myrns and Heyraud in France and Pick-n-Pay and Athletes World in North America.

Mr Heath was formerly a senior executive in the international division of RJR Nabisco, the US food group.

His first year at Bata was marked by a succession of senior personnel changes, but the new team had yet to implement

a long-range strategy for the company.

The other two executives who have left, Mr Marc Choutard, chief financial officer, and Mr Bernard Gorecki, vice-president for business development, were among newcomers recruited by Mr Heath. A question also hangs over the future of Mr Stephen Smith, a former British Shoe executive who heads Bata's European operations.

Mr Heath said that he had tried "to balance the strong values of the company with the need for change". But he appears

to have overestimated his ability to operate independently of the family shareholders. Referring to Mr Bata, one senior manager said: "You can't appoint a chief executive, and then go and poke your nose in all over the place."

Bata was one of the Czech Republic's biggest industrial empires before the second world war. But Mr Bata moved to Canada shortly before the Nazi occupation, and rebuilt the shoe business.

Bata's board, which includes several prominent European businessmen, met over the weekend in Bermuda to consider the recent upheavals. Mr Rino Rizzo, executive vice-president, has taken over as acting chief executive.

Geoff Dyer reports on differing attitudes to providing for Eurotunnel's £8bn debt

Perhaps the most surprising thing about Eurotunnel's suspension of interest payments on its £8bn (£12.4bn) loans last month was the muted reaction of its banks.

Even though around 160 of Eurotunnel's 225 banks did not find out about the suspension until the company issued an announcement via the Stock Exchange, the response was subdued. Instead of anger and shock, the banks seemed resigned to the inevitability of Eurotunnel's actions. "We didn't really have a choice," said one banker.

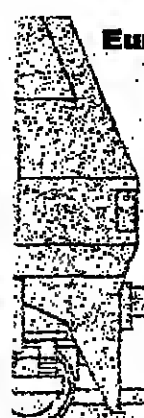
That mood is changing. For a start, the suspension, which could last for up to 18 months, has forced the banks to reassess whether they need to provide for their Eurotunnel exposure. They are also beginning to stake out their negotiating positions with the company.

The subject of exposures and provisions is murky. The figures in the table are market estimates. Only two banks have publicly acknowledged that they have made provisions against Eurotunnel - Credit Lyonnais, believed to be the largest lender to the company, and Credit National.

But as the financial year for most European banks ends in December, the question cannot be put off. According to one banker not involved in Eurotunnel: "I would not be surprised if the major banks in the syndicate had already made some provision for Eurotunnel."

The rules for providing for bad debts vary from country to country but the principles are similar. For cases such as Eurotunnel, where there is a secondary debt market, the price of the debt is used as a general rule for provisioning. If the debt trades at 60p in the pound, as Eurotunnel has for much of the last year, then in theory the banks should provide for 40 per cent of their exposure. At the very least, banks have to give their auditors convincing

Banks count the cost of their ill-fated exposure



Eurotunnel: under a sea of debt

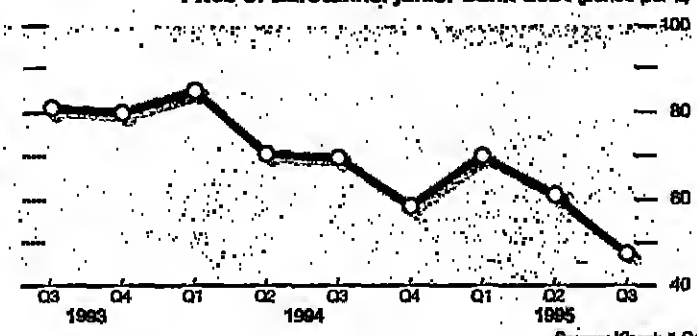
Main bank exposures (£m)

Credit Lyonnais	1,000-1,200
Banque Nationale de Paris	250
National Westminster	250
Midland	250
Banque Indosuez	250
Credit Agricole	250

Source: Market estimates



Price of Eurotunnel junior bank debt (pence per £)



Source: Knecht & Co

reasons for the secondary market price not being a fair reflection of the value of the debt - by arguing that the market is inefficient or that the price does not take into account information the banks have. "The haggling with their auditors will have started already," says the senior banker.

The provisioning dilemma is particularly acute for French and Japanese banks. They face the largest total exposure - 25 per cent for the Japanese and 20 per cent for the French, according to

Standard & Poor's, the US rating agency - but are least able to cope with the problem.

A group of more than 25 Japanese banks lent money to the company in the late 1980s when they all but dominated the syndicated loans market. Their exposures are evenly spread with more than 10 Japanese banks lending between £100m and £150m, the biggest believed to be Industrial Bank of Japan. Eurotunnel's default

could not have come at a worse time. According to Mr David Threadgold, financial sector analyst at BZW in Tokyo: "Eurotunnel is just one of many problems they are currently facing."

A number of French banks in the syndicate, notably Credit Lyonnais and Banque Indosuez, which is understood to have the largest exposure as a proportion of its capital, are also under pressure because taking a large Eurotunnel provision would hit their earnings. "They do not have that

much capacity to be aggressive with their provisioning," says Mr Scott Bugle, analyst at S&P.

Although several UK banks have large exposures - particularly National Westminster and Midland - analysts say they can afford to be more relaxed because of their relatively stronger underlying profitability.

These exposures feed into the negotiating positions that the banks are beginning to take. The Japanese banks are under strong pressure from their head offices not to make a loss, so they are reluctant to take solutions such as debt for equity swaps that would involve big write-downs.

The other trend is the growing gap between banks with big exposures and those with smaller ones. The bigger banks tend to be willing to give the company more time in the hope that radical surgery can be avoided, which would see them writing down a large amount of debt.

Many of the banks with smaller exposures tend to take a more aggressive approach. "In a situation such as this, the shareholders should take the brunt of the blow," says one. As the potential write-offs are not so large there is a greater willingness among the smaller banks to take an equity stake, which has some upside potential.

Eurotunnel hopes to present a restructuring plan to the banks by the end of January. In the absence of interest payments, there is a groundswell of opinion among the banks to find a solution as quickly as possible.

However against that is the natural inertia of such a large number of lenders. The internal procedures on a non-performing loan are considerably more complex and for most Japanese banks, the Tokyo head offices have taken over control of the loan. "You need permission to answer the telephone around here," says one banker at a Japanese institution.

Pain-sharing plan. Page 25

Two new bids in pipeline for Aran

By Christopher Price in London

The battle for control of Aran Energy, the Irish oil exploration group, looks set to turn into an auction this week, with an increased offer from Atlantic Richfield of the US and the likelihood of an even higher bid from Statoil, the Norwegian state oil company.

The US oil group's offer, expected today, is likely to be raised from 61.4p a share to around 69p, a move which would increase the value of the bid from £161m to more than £180m (£260m). Aran shares closed 5 1/4 up on Friday at 72 1/4p.

Statoil is thought to have had contact with the Takeover Panel at the end of last week and been asked to announce its intention, as quickly as possible. Aran said yesterday that after receiving an approach from a "third party" on Friday, it believed the prospects of an offer following were "more than likely".

Despite having close links with the Norwegian company, Aran said it preferred to remain independent unless it received a "proper price". Earlier this month, Aran revealed an independent valuation suggesting the group was worth £290m, or 106 1/2 p a share.

This figure has been dismissed by Aran as "fantasy". The valuation report came days after Aran further strengthened its defences by announcing a joint venture with Statoil to exploit the Irish group's Connemara field.

Speculation that a large oil company, such as Statoil, could come to Aran's rescue has been rife since last week when the Irish group hinted it could enter a strategic alliance with one of the oil "majors" if it successfully fought off Aran. It said that several unnamed oil companies had shown interest in a tie-up.

"A strategic alliance would make more sense to us than being grabbed by someone who wants to pay only for existing assets and nothing for our exploration potential," Mr Michael Whelan, chairman, said at the time.

Aran has close ties with British Petroleum and Amerad Hess, both of which are its exploration partners in the Schiehallion, one of the UK's largest unexploited oil fields. Amerad Hess and Enterprise Oil have also been mentioned by analysts as potential "white knights".

This week: Company news

CIBA

Drugs group hopes to plug gap left by patent expiry

The first signs of the impact of an important drug going off patent should be seen in the nine-month sales figures of Ciba, the Swiss pharmaceuticals and chemicals group, which are to be published on Thursday.

Volaren, an anti-rheumatic, accounts for more than a quarter of Ciba's pharmaceutical revenues worldwide. Patents on it expired in the US last year, and the first generic competitors appeared during the summer.

Ciba has pointed out that only 20 per cent of Volaren's sales are in the US, with patent protection remaining in force elsewhere. The group has also brought out a new formulation with patent protection, called Catalfam, which has apparently had a good start.

Ciba's total sales in the first six months of 1995 were down 6 per cent to SF10.95bn (\$9.5bn), mainly because of weakness in demand for textile chemicals and the strength of the Swiss franc. In local currency terms, they were up 6 per cent, and Ciba predicted that the full-year sales would be "well ahead" of last year's level.

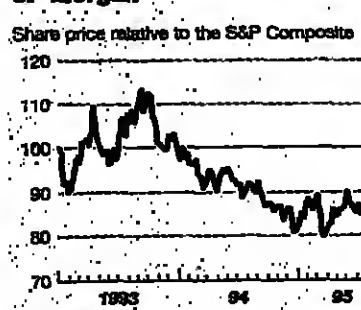
Sales in the pharmaceuticals division fell 5 per cent to SF2.79bn (up 6 per cent in local currency terms).

Since the interim report at the end of August, there has been a flurry of announcements about structural changes, suggesting that the group is following the industry trend of becoming more focused.

Production of textile dyestuffs is to be combined and rationalised with plants of BASF, the German chemicals group.

The management of Ciba's self-medication businesses is to be integrated, a consequence of last year's acquisition of the over-the-counter business of Rhône-Poulenc Rorer in the US, and Ciba's composites division is to be sold to Hexcel, a US composites specialist, in return for a 49.9 per cent stake in Hexcel, \$25m in cash and roughly \$45m in paper.

JP Morgan



Source: FT Econ

JP MORGAN
Unpredictable ride on the roller-coaster

It has been something of a roller-coaster year for the J.P. Morgan, the US bank, with first-quarter results better than the market expected and the second quarter somewhat worse. Forecasts for the third quarter, due on Thursday, are correspondingly scattered; but while the earlier quarters were down on the year before, the third could show a slight increase.

The result will depend largely on two factors: trading and fee income on the one hand, and cost control on the other. On the trading front, comparison with last year's turbulent fixed interest markets should still be favourable, though results from proprietary trading will always be unpredictable. Fee income has been improving through the year and this should continue.

Against that, the cost control initiative which the bank announced at the start of the year has proved slightly disappointing.

Although a number of employees were laid off in the first quarter, incurring a special charge of \$33m, operating expenses in the second quarter were up 4 per cent, wholly as a result of higher incentive payments to executives.

Forecasts range from around \$1.40 a share to \$1.70. At the top end, this would be an advance on last year's third quarter figure of \$1.68 - the first year-on-year improvement since the final quarter of 1993.

OTHER COMPANIES

News Corp investors tune in to rugby row

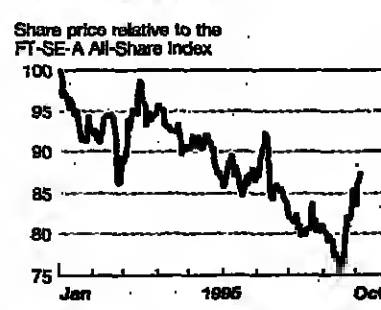
Mr Rupert Murdoch, chairman of News Corporation, the international media and entertainment group, will face shareholders at the company's annual meeting in Adelaide on Tuesday. Domestic issues of concern to Australian investors include the continuing legal fracas surrounding News Corp's "Super League" plans for rugby, and the increasing competition for pay-TV subscribers. Analysts will also be tuned in for any comments on the MCI link-up.

■ **Suez:** The French industrial and financial conglomerate will announce its first-half results on Wednesday amid intense speculation about its future. This follows a shareholder revolt this summer in which the chairman was deposed. Analysts expect no big new provisions against property and predict profits of FF750m-FF800m (\$102m-£163m), assuming Banque Indosuez, its banking arm, breaks even.

■ **Kone:** The Finnish lifts group is today expected to report pre-tax profits of around FM180m (\$42m) for the first eight months, up from FM167m. The company has been hit by tough price competition and the strong markka but sales and orders have been boosted by its \$280m purchase of Montgomery, the US lifts group, last year.

■ **Kemira:** The upturn in the chemicals cycle will favour the Finnish group

Lucas Industries



Source: FT Econ

which was partially privatised last year when it reports figures for the first eight months on Thursday. Analysts expect pre-tax profits of more than FM400m (\$94m), equalling the FM402m earned for the whole of 1994.

■ **Lucas Industries:** The UK automotive and aerospace systems maker removed any uncertainty about its annual figures when, last week, it said they would be in line with expectations, shorn of its latest round of exceptional provisions to cope with US problems. So, with expectations of pre-tax profits in the £130m-£135m (\$201-£209m) range minus a provision of £40m and an exceptional item of £55m, Lucas today will announce pre-tax profits for the year to July of around £40m.

■ **Lloyds Chemists:** The UK's second largest pharmaceuticals retailer is expected to announce flat profits on Tuesday of about £56m (\$87m) for the year to the end of June.

Companies in this issue

Aran	23	Eurotunnel	25, 23	North West Water	24
Arco	23	Exxon	2	Norweb	2
Azlan Group	24	Gazprom	2	Pennzoil	2
Bata	23	Lihir Gold	25	Scholl	24
British Petroleum	2	Lukoil	2	Sea Containers	6
Deutsche Post	25	McDermott	2	Stagcoach	6
Deutsche Postbank	25	Meggitt	24	Statol	2
Dobson Park Ind	24	National Express	6	T&N	24
Dreschner Bank	25	Nipponensio	6	Turkish Petroleum	2
				Unocal	2
				UPF	25

ING BARINGS

The combined investment banking operations of ING and Barings will from now on be presented worldwide as ING Barings and this will be reflected in corporate name changes across the group.

London
9th October, 1995

ING BARING GROUP

COMPANIES AND FINANCE

Scholl rebels claim four bid approaches

By David Blackwell

The battle over Scholl intensifies this week with rebel shareholders claiming four unsolicited approaches from potential bidders for the healthcare products group.

The rebels are led by Mr Julian Treger, of the UK Active Value Continuation Fund, who believes the company should sell itself to a larger consumer products group, arguing that it is too small to support its own distribution network. They are urging the appointment of an independent investment bank to seek out such buyers.

Mr Treger said the four approaches included one from a European group, and he was also "aware of interest from a US party".

"We have also been approached by several investment banks with long lists of potential purchasers," he said. The rebels, who have a 15 per cent stake in Scholl, have requisitioned an extraordinary

general meeting, due to take place on October 24, at which they will seek to replace three non-executive directors - Mr Tom Long, Mr Tim Howden and Mr Colin Keith.

The Scholl board has urged rejection of the resolutions and is today due to meet City analysts. It will spend the rest of this week and much of next putting its case to institutional shareholders.

Last week the board wrote to shareholders attacking the attempt to force a sale to a larger consumer products group as "misconceived, damaging and disruptive". Mr Gordon Stevens, chairman, described the directors proposed by the rebels as "short-term investors" who did not merit places on the board.

One of Mr Treger's contentions is that an international consumer products group could make significant distribution savings.

Groups mentioned so far that might take an interest in the

Scholl brand include Gillette, Johnson & Johnson, and Colgate Palmolive in the US, and Gehe - now owner of the UK distributor AHA - and Henkel of Germany.

However, analysts believe the brand, which has worldwide recognition, would be much more attractive if it were under one roof again. While Scholl owns the rights for the European and Asian markets, Schering Plough has kept the rights for North America.

Schering Plough will not comment on the possibility of Scholl coming up for sale in the US. But Mr Robert P. Luciano, chairman, only recently described the healthcare division, which includes Scholl, as "strategically important".

Scholl shares closed at 232p on Friday, valuing the group at £158m. Some observers remain puzzled by talk of buyers emerging now as the shares were only 125p last December following a profits warning.

T&N looks at joint venture in Germany

By Steve Thompson

T&N, the Manchester-based automotive components group, is thought to be considering starting its own operation in Germany if it is rebuffed in its attempts to forge closer links with Knippschmidt, the German components maker.

An attempt by T&N to take over the German group earlier this year was thwarted by the Kartellamt, the German equivalent of the Monopolies & Mergers Commission, which ruled that the acquisition would give T&N unfair dominance in the German motor components market.

By strengthening Goetze, the German piston ring manufacturer owned by the UK group, T&N has appealed against the ruling and expects a decision early next year.

Its hopes of winning control of Knippschmidt are said to have diminished. It is instead examining the possibility of a joint venture with the German group to make pistons.

The UK group currently holds an option to buy about 52 per cent of Knippschmidt. If T&N's appeal fails, it could still sell its option at a substantial profit.

Knippschmidt's chairman, Mr Heinrich Binder, who is thought to have led the resistance to T&N's overtures, is now said to have accepted that his company cannot go it alone and needs a partner to develop the piston business.

UPF to acquire Bellino for £8m

UPF, the vehicle chassis manufacturer, is buying Bellino Metallverarbeitung, which makes pressings and fabrications for the automotive industry, for £8.4m cash. Bellino, based near Stuttgart, reported 1994 operating profits of £143,000 on turnover of £9.55m. The results were after substantial leasing charges for assets and property which are also being acquired and have been valued at DM12.7m (£5.6m).

New issues remain subdued despite stock market rise

By Christopher Price

The high level of the UK stock market has had little effect on the subdued level of new issues, according to the latest report from accountants KPMG.

In the first nine months of the year, there were 61 flotations raising £1.8bn, compared with 177 raising £7.7bn in the same period in 1994. During the latest quarter, traditionally a quiet period in the investment community, there were just 18 new issues raising £400m. A year ago, there were 44 new listings raising £1.4bn.

The slack figures come despite the start-up of the Alternative Investment Market, which had hoped to attract new companies in need of fresh capital. Although more than 90 companies have joined AIM since it began in June, only 11 are new and the total new money raised has been small.

New issues and funds raised			
Full listing	Issues	Funds raised (£m)*	Average (£m)*
1995	71	1,450	25
1996	112	2,030	28
1997	125	2,400	32
1998	100	1,252	19
1999	78	1,043	20
2000	98	899	22
2001	81	1,623	35
2002	64	2,260	47
2003	163	5,169	42
2004	218	10,138	53
2005	61	1,180	34

*After excluding introductions and adjusting for effect of privatisations where funds of over £1bn were raised (British Gas, BT, BSC, TSB, RPA, RSC, BAA and water and electricity privatisation) and exceptional Abbey National flotation.

† Three quarters

Mr Neil Austin, head of new issues at KPMG, said that the memory of some of the high-profile crashes among last year's flotations continued to hang over the flotation market. "Investing institutions are preferring to keep their money in established companies unless they see a very persuasive case. Memories of past

problems keep being jogged, the latest example being the rescue bid for Aerostuctures Hamble."

EIS, the specialist engineering group, paid £18m two weeks ago for Aerostuctures, which valued each share at 31p, just over a quarter of the price when the aircraft parts maker floated in June 1994.

Water company expected to lift offer by 40p in latter half of week
NWW to raise bid for Norweb

By Nicholas Denton

North West Water is this week planning to increase its bid for Norweb, the regional electricity company based in Manchester.

The water company is expected to raise its offer by roughly 40p, which would bring the cash terms to about £11.15p and value the target at £1.74bn. It is also offering a cash and shares alternative. The raised bid is expected in the latter half of the week.

North West Water, seeking to deter a further bid from the US consortium, has allowed the impression to gain currency that it is willing to increase its bid to £12.00p if

consortium composed of Houston Industries and Central and South West Utilities, two US electricity companies which have the support of Norweb.

The improved bid from North West Water would be its third, and the fifth in the takeover battle. Of the six bids which have been acquired or bid for, Norweb is the only one to have been subject to an auction.

North West Water, seeking to deter a further bid from the US consortium, has allowed the impression to gain currency that it is willing to increase its bid to £12.00p if

necessary. It had acquired 11.7 per cent of Norweb by the end of last week, while Texas Energy Partners has not been buying shares in the market.

The US partners have stronger balance sheets, however, and trade on the stock market at a higher ratio to earnings than North West Water.

Mr Desmond Pitcher, North West Water's chairman, has claimed that joint billing and meter-reading by North West Water and Norweb, which have overlapping territories, would bring substantial savings.

Both Texas Energy Partners and North West Water have

discussed co-operation in administration with neighbouring rees, and Scottish Power, which is acquiring Manweb, which is understood that Texas Energy Partners has been in contact with at least three electricity companies, including Scottish Power. No agreement is likely before the takeover battle for Norweb is finished.

North West Water, which maintains that the greatest savings would come from combining administration of water and electricity customers in the same area, has also put out feelers to rees which adjoin Norweb.

Azlan links to Internet groups

By Christopher Price

Azlan Group, the distributor of network computing products and services, yesterday announced distribution deals with two Internet-related companies - Netscape Communications and Interactive Telephony.

The move comes just two days after a positive trading statement from Azlan added 20 per cent to its share price.

The agreement with Netscape gives Azlan exclusive distribution rights in continental Europe to market the US group's software products for the Internet, the global computer information network. Azlan and Unipalm share distribution rights in the UK.

Azlan has also agreed to act as distributor for Supernet, Europe's largest on-line interactive system for the Internet, which is owned by Interactive Telephony. Azlan will also help with Supernet's European development.

Netscape recently appointed Supernet as its European Internet service provider.

On Friday, Azlan said pre-tax profits were expected to rise from £1.1m to more than £4m in the six months to September, on sales up 90 per cent to £72m (£37.7m). Its shares jumped 70p to a high of 420p.

Azlan was floated at 230p in November 1993.

Dobson announces £26m contracts

By Christopher Price

Dobson Park Industries, the UK mining equipment, electronics and toys group, yesterday attempted to bolster its defence against the hostile £172m bid from Harnischfeger Industries by announcing £26m of new contracts.

The business, won by the group's Longwall International mining equipment subsidiary, included two large equipment orders from US groups. Addi-

tional contracts were agreed with UK and Norwegian mining groups for roof supports. Longwall has been a wholly owned subsidiary of Dobson Park for only eight months. Harnischfeger made its offer on September 1 after informal approaches to the Dobson Park board had been rebuffed. Last week the US group announced that its 110p-a-share bid had been accepted by 0.06 per cent of shareholders and the offer was extended to October 23.

Meggitt to sell Bestobell

Meggitt, the engineering and electronics company, is to sell Bestobell valves for £10m cash as part of a refocusing of its business, writes Jane Martinson.

The buyer is Charles Baynes, the acquisitive engineering and distribution group, which is making a tender placing of 9.6m shares at 99p. Baynes' shares gained 1/2p on Friday to 102p.

Bestobell, which produces valves for the gas and water markets, made a pre-tax profit of £700,000 on sales of £8.4m last year. Net assets on completion will be about £4m.

CROSS BORDER M&A DEALS

BIDDER/INVESTOR	TARGET	SECTOR	VALUE	COMMENT
Rhône-Poulenc Florer (France/US)	Fisons (UK)	Pharmaceuticals	£1.83bn	Fisons rejecting higher offer
Houston Industries (US)/Central & South West (US)	Norweb (UK)	Power	£1.7bn	Long struggle looks likely
Investor group (Germany/Switzerland)	Postbank (Germany)	Banking	£1.36bn	White knights wanted
Aegion (Netherlands)	Saguas Benamex (Mexico)	Insurance	£158m	High-growth stake
Ceridian Corp (US)	Unit of NatWest (UK)	Computer services	£33.1m	Non-core disposal
Arjo Wiggins Appleton (UK/France)	Graphtec (S Africa)	Paper distribution	£23m	AWA continues sector growth
English China Clay (UK)	Genstar Stone Products (US)	Building materials	£22.5m	Redland non-core disposal
Northumbrian Water (UK)	Gema (Mexico)	Water	£15.4m	NW's third overseas move
Hocking Pentecost (UK)	Blue Mountain (US)	Textiles	£14.5m	Buy from US Industries
Banca Commerciale Italiana (Italy)	Banco de Lima (Peru)	Banking distribution	n/a	Extends LatAm presence

SOCIÉTÉ GÉNÉRALE GROUP

1995 INTERIM RESULTS

"Société Générale maintained interim net income at the same level as that of 1994. This was the result of sound risk management - which enabled us once again to reduce new provisions despite increased cover of real-estate commitments - as well as active management of our long-term investments and the fact that increases in operating costs were kept level with inflation.

Net income	FFr 2.26 bn	+ 0.9 %
Allocation to provisions	FFr 2.56 bn	- 6.6 %
Group equity	FFr 49.7 bn	+ 9.5 %

Group performance on capital markets was affected by the general low level of transactions on organized markets. The decline in brokerage business was partially offset by the growth in trading activities (forex-treasury, swaps, caps, floors and equity derivatives). Corporate finance, on the other hand, reported sound gains, principally in acquisitions and syndication business in Asia.

Société Générale continues to confirm its success as a major banking partner for leading corporations in North America, Asia, the Far East and Western and Eastern Europe.

Overall, net income for the first half of 1995 remained honourable, with Société Générale maintaining its position in a difficult economic and financial environment."

Marc Viénot, Chairman

- No 1 private-sector French bank • 2000 branches in France
- 125 years of international banking • 500 outlets in 70 countries

For further information,
call our Investor Relations Service in Paris on (33-1) 40 98 54 78



Illuminating



The magazine for a sceptical age.

Launch issue 28th September. For a free copy and a trial subscription, which you may cancel, call (0171) 757 7029.

Prospect is a new monthly magazine that will provide the thoughtful overview and intellectual stimulus that has become all too rare in the UK.

International in outlook, politically pluralistic and offering analysis and fine writing on everything from business, science and world affairs to sport, culture and lifestyle, it's designed to be dipped into, savoured and kept.

Early contributors include Frederic Raphael, Sarah Hogg, Andrew Adonis, John Kay, Amartya Sen and Jacques Attali. Luminaries of similar status are lined up for future editions.

So you can look forward to enlightening writing month after month.

For a free copy and a trial subscription, which you may cancel, call (0171) 757 7029.

Please send me the launch issue of Prospect free and invoice my company (delete as applicable) £27 for a year's subscription (11 issues). This represents a 30% saving on the regular annual cost. I understand I may cancel my order on receipt of the magazine and pay nothing. The launch issue will be mine to keep at no cost.

Name _____
Company _____
Address _____

Postcode _____
Return to Prospect Subscriptions, Unit 1, Haines Way, Haines Road, Little Harb, Romford, Essex RM3 6SD

هكذا من الرجل

Top management supports Postbank bid defence

By Peter Norman in Bonn and Nicholas Denton in London

The supervisory board of Deutsche Postbank has thrown its weight behind management efforts to fend off a bid for the bank from a consortium headed by Deutsche Post, while making it clear that it wants co-operation with the German post office.

After meeting on Saturday, the board of the German state-owned giro bank said it unanimously supported Postbank's plans to seek strategic partners elsewhere in the financial services sector and urged management to push them ahead urgently. It rejected as "unacceptable" the DM2.06bn (\$2.16bn) bid for 75 per cent of Postbank launched last week by state-owned Deutsche Post with Deutsche Bank and Swiss Reinsurance.

The resolution by the board, which includes government and trade union representatives, represents a defeat for the bid, which prompted Germany's largest hostile takeover battle. But the Postbank supervisory board also approved draft terms for a long-term agreement with Deutsche Post on the use of post office counters and called on the Postbank management to reach a deal with the Deutsche Post on this as soon as possible.

Mr Günter Schneider, Postbank chief executive, who expressed strong opposition last week to Deutsche Post's bid, said yesterday that he wanted to co-operate with the post office. "Both companies need each other," he said.

Deutsche Post and Postbank have long been negotiating a co-operation deal to replace an existing pact on use

of post office counters that expires at the end of 1998. A Postbank spokesman said the two sides came close to agreement in February over a deal until 2015 but this foundered after Deutsche Post added a condition that Postbank close 180 advice centres in post offices by the end of this year.

The impasse over the post office counters appears to have been a key factor behind the Deutsche Post bid for Postbank. Ironically, an amicable solution could enable Postbank to complete negotiations on its rival scheme to bring in life assurance, insurance, housing finance and investment companies as capital holding partners that would help develop Postbank's services and prepare it for stock exchange listing.

Postbank, told by its supervisory board to move ahead rapidly with its

privatisation plans, is intending to reach agreement with its investors at the beginning of 1996 and mount a flotation in 1997 or 1998.

In an interview in yesterday's Welt am Sonntag newspaper, Mr Wolfgang Böttsch, the Bonn post and telecommunications minister, said he had supported Deutsche Post taking a stake in Postbank as a way of ensuring that Germany continued to have a nationwide network of post offices. Postbank had not been able to reach agreement with its chosen partners because future links with the post office were still unclear, he added.

However, Saturday's Postbank statement indicated that the post ministry is now taking a neutral stance in the dispute. The bank's rejection of the Deutsche Post bid could only have been unanimous if it was approved by

the ministry's representative on the Postbank board. In yesterday's interview, Mr Böttsch gave a further indication that he no longer supported Deutsche Post's bid. He said he doubted the DM3.06bn offered was the right price and was letting experts check it.

Meanwhile, Deutsche Bank has said it does not seek any influence over Postbank business policy through its participation in the Deutsche Post bid. In an interview with Spiegel magazine, Mr Ronaldo Schmitz, a Deutsche Bank managing board member, said it wanted to hold its planned 20 per cent stake in Postbank for two to three years while the bank was prepared for listing.

Postbank's future is now likely to become a political issue with the parliamentary post committee due to discuss the rival plans on October 26.

Dresdner Bank in hunt for US fund

By John Gapper in Washington

Dresdner Bank intends to follow its £1bn (\$1.56bn) purchase of the UK merchant bank Kleinwort Benson by buying a US fund manager to give it access to American investors, members of Dresdner's managing board said yesterday.

Mr Jürgen Sarrazin, chairman of Dresdner's managing board, said that it would consider making acquisitions of securities or fund management companies to reinforce its position in investment banking.

Kleinwort would not be its last acquisition "even though we may consider projects of rather more moderate size for the time being. We will take advantage of opportunities as they fit into our overall strategy," he said.

At a Washington press conference Mr Gerhard Eberstadt, managing director in charge of asset management, said Dresdner would try to reinforce its

US operations by buying a domestic fund manager. Dresdner would "try to develop with appropriate acquisitions" in the US. Mr Eberstadt said it would seek a company which had access both to institutional funds, and high net worth individual investors.

Mr Sarrazin said Dresdner had decided to develop investment banking operations by itself rather than in combination with Banque Nationale de Paris, with which it has cross shareholdings and an alliance.

He said it had chosen not to involve BNP in the Kleinwort acquisition as attempting to combine three cultures would have been too difficult. It would keep the alliance for commercial banking activities. Dresdner has just reorganised its US operations to prepare for the breaking down of barriers between commercial and investment banking, and Mr Sarrazin said it was determined to build a global investment bank.

Eurotunnel joint-chairman looks to the long term

After much mature reflection, the loss-making group has a pain-sharing plan, says Andrew Jack

Mr Patrick Ponsolle, joint-chairman of Eurotunnel, has a simple phrase to describe the expectations of all those involved at the time when the cross-channel link was first planned: "A collective illusion."

Banks, contractors and shareholders alike believed "the tunnel would be easy to construct, extraordinarily profitable for everyone, that the pie was so large that they would all get a large slice of it. The reality was slightly different," he says.

Faced with intense competition on the cross-channel route linking France and the UK, escalating costs and what he sees as broken promises by those on whom he relied, Eurotunnel saw no alternative but to invoke the clause in its contract with its bankers last month allowing it to suspend interest payments on junior debt for 18 months. Last Friday, it added to the gloom by publishing increased half-year losses of £13.7m (\$73.8m) and reduced revenue projections for the full year.

Mr Ponsolle says his hope in the face of this news is that it does not obscure another message: "We have made a lot of progress in the last few months and this will continue. The systems are operating,

there is an improving quality of service, the number of passengers and the volume of traffic is high. Everyone is convinced that this is going to be a tremendous success in the long term."

Making the leap from the current situation to that long-term, sustainable goal is the current challenge. Mr Ponsolle says that there have already been many months of "mature reflection" on the next step: a reorganisation plan the outline of which should be ready for approval by the end of January.

He is reluctant to spell out the details, which are still under discussion, but he likes to call it a "pain-sharing scheme" in which "all the parties involved in the creation of Eurotunnel will suffer" bearable levels of financial damage.

First comes TML, the consortium of contractors for the tunnel, which is being pursued for compensation. He believes Eurotunnel's dispute with them will shortly go to arbitration at the International Chamber of Commerce in Paris.

Second are disputes with the national railway companies, which are already in arbitration. He wants money in exchange for the delays in meeting their commitments,

but also the right to increase by 50 to 60 per cent the fees per passenger they pay to Eurotunnel.

He adds that people are beginning to be "a little bit frustrated" by the fact that while the French provided high-speed rail links and improved motorways to the tunnel, there has still been no such reciprocal action on the other side of the Channel.

Third are the French and UK governments, whom he wants to see restore a "level playing field" against the ferry companies.

He calls for swift implementation of parliamentary calls for safety standards for the ferries, which match those imposed on Eurotunnel, and a reconsideration of the "constrains" and "lengthy approval" on so many decisions which have to be approved by the inter-governmental commission.

Unless the two countries redress these conditions, he says, "we will use every means to seek compensation."

Fourth are the creditor banks, whom he acknowledges have avoided pain until now. "They should understand the company is not going to pay more interest in cash than it can generate in the coming years."

Fifth is Eurotunnel itself.



Patrick Ponsolle: looking for consensus based on hard facts

"We should be more creative commercially and technically," as well as cutting costs. "We have a system designed by other people. We now see its shortcomings. We need to radically redesign it."

Finally, he says that the management and directors of Eurotunnel see themselves above all as "defenders of our shareholders", whom he

acknowledges have already suffered substantially.

"We are going to fight for our initial shareholders to conserve most of the long-term profits of the company. I am not excluding that they will be asked to take additional pain, but only when the other parties have already contributed."

So how does he rate the chances of success?

"The chances for the continuation of the tunnel operations are 100 per cent. The chances for the continuation of the company are 95 per cent. I think everyone is convinced that administration would be catastrophic. The consensus is that we should by every means prevent it. The risks would be extremely large."

As for the pain-sharing scheme currently under discussion, he puts the odds at 50:50. "There is a one in two chance that it will fail, the same that it will succeed," he says. "That seems to be sufficiently realistic to be worth fighting for. If it fails, we would need a massive surgical act, such as a large debt forgiveness or a very large debt-equity swap."

If it succeeds, he says that "everyone will rush in to invest - even British pension funds." But for the plan to work, he says there needs to be consensus "based on hard facts" and not on the illusion of the past.

"People sometimes have problems accepting the facts - even bankers. There is so much distance between former illusion and present reality that it is very difficult to make the step." But he is reluctant to say how he might have done things differently if the company could begin again. "You can never go back and you should not. If there had not been a collective illusion, perhaps the Channel tunnel would never have been built."

Heavy demand for shares in Lihir Gold

By Nikki Tait in Sydney

Heavy demand for shares in Lihir Gold, which is planning to develop a large new gold mine on Lihir Island in Papua New Guinea's New Ireland province, has led the institutional issue price to be set at A\$1.57.

This is the top of the A\$1.32-\$1.57 range at which investors were invited to bid for stock.

Lihir shares are due to start trading in Australia at 2pm today (Sydney time) and seem likely to open at a premium.

The company said it could have raised four times the US\$450m it was actually seeking via the flotation of about half its equity. Lihir, which marketed the shares in PNG, Australia, Asia, Europe and the US, said there had been strong demand from all regions.

As a result of the offer, Australian institutions are being allocated 97m shares, and will pay A\$1.57 a share for these,

International and US investors will get 106m shares, at a price of US\$23.86 per American Depositary Share (each of which represents 20 shares).

Private investors in Australia (including shareholders in Australia's Mungli Mining, one of the existing owners of Lihir) will get 125m shares, paying the fixed price of A\$1.50 a share. PNG residents will be allocated 59m shares at K1.50 each.

This will raise US\$450m for the company and leave 513m of the 900m shares in the hands of the three existing Lihir partners.

Southern Gold, in which Britain's RTZ has a 75 per cent interest, will hold 206m shares, or 22.8 per cent of the equity; Mungli Mining, 154m shares, or 17.1 per cent; and the PNG government a further 17.1 per cent.

Money raised via the equity offering will be added to US\$300m of debt financing, to fund the cost of developing the mine.

EXTECAPITAL LIMITED

US\$ 100,000,000 PERPETUAL SUBORDINATED

MARGIN FLOATING RATE NOTES

In accordance with the provisions of the Notes, notice is hereby given as follows:

- * Interest period: October 5, 1994 to April 9, 1996
- * Interest payment date: April 9, 1996
- * Interest rate: 6.5375% per annum (including the margin)
- * Coupon amount: US\$ 33,958.68 per note of US\$ 1,000,000

Agent Bank

BARCLAYS INTERNATIONAL BANK

Notice to holders of

FILINVEST
INCORPORATED IN THE CAYMAN ISLANDS

U.S. \$100,000,000

3.75% Guaranteed Convertible Bonds Due 2004

Issued by

Filinvest (Cayman Islands) Ltd.

The terms of the bonds provide that on or after April 30, 1994 the bonds may be converted into common shares of Filinvest Development Corporation (FDC).

The Board of Directors and stockholders of FDC have approved the declaration of stock dividends on May 31, 1995 and June 14, 1995, respectively, in the amount of Philippine Pesos 90,063,372. The declaration was approved by the Philippine Securities & Exchange Commission on August 11, 1995 and record date was set on September 18, 1995. Ex dividend date is four (4) trading days before the record date or September 12, 1995. Approval for the listing of the stock dividend is pending with the Philippine Stock Exchange and is expected on October 11, 1995.

There were 1,822,907,895 shares of FDC outstanding (excluding 27,092,105 shares in treasury) before, and 2,723,971,267 shares after, the effectivity of the stock dividend.

Notice is hereby given by Filinvest (Cayman Islands) Ltd. that as a result of the stock dividend and in accordance with Clause 8(A)(ii) of the trust deed concerning the bonds, the conversion price in respect of conversion into FDC shares has been adjusted as follows:

From: Philippine Pesos 33.00 per FDC share

To: Philippine Pesos 22.08 per FDC share

October 9, 1995 Filinvest (Cayman Islands) Ltd.
CLASIFIED RESTRICTED SECURITIES UNREGISTERED COMPANY

St. George
Bank Limited
A.C.N. 255 513 070

U.S. \$250,000,000

Floating Rate Notes due 2000

Notice is hereby given that for the Interest Period 6th October, 1995 to 8th January, 1996 the Notes will carry a Rate of Interest of 6.2375% per annum. The Interest Amounts payable will be U.S. \$162.87 per U.S. \$100,000 Note and U.S. \$1,628.68 per U.S. \$1,000,000 Note. The Interest Payment Date will be 8th January, 1996.

Bankers Trust
Company, London

Agent Bank

KLEINWORT BENSON

SELECT FUND

Société d'investissement à capital variable

Registered office: 14, rue Altkirch

L-1118 Luxembourg

Commercial Register B 28134

DIVIDEND ANNOUNCEMENT

The Board of Directors has announced to pay a dividend to the shareholders of the

following sub-funds:

ECU 0.06 per share for the European Bond

Fund against presentation of coupon No 4

ECU 0.05 per share for the International

Bond Fund against presentation of coupon

No 4

to shares subscribed and to be issued on

September 29, 1995 and payable on October

16, 1995 against presentation of their

respective coupons.

The shares have been quoted ex-dividend on

October 2, 1995.

The shareholders can cash their dividend at

the following bank:

BANQUE GENERALE DU

LUXEMBOURG S.A.

14, rue Altkirch

L-1118 Luxembourg

The Board of Directors

CKJ

Cheung Kong

Finance

Cayman Limited

U.S. \$500,000,000

Guaranteed Step-Up

Floating Rate Notes

due January 2001

For the interest period 6th

October, 1995 to 8th January,

1996 the Notes will carry an

interest rate of 6.5375% per

annum, with an interest amount

of U.S. \$85.35 per U.S. \$5,000

Denomination Note and U.S.

\$1,707.01 per U.S. \$100,000

Denomination Note, payable

on 8th January, 1996.

Issued on the Luxembourg Stock Exchange

Bankers Trust

Company, London

Agent Bank

Turkey is a rapidly emerging market. We at Pamukbank would like to show you how far we've come.

Pamukbank over the past forty years has emerged as one of the leading private banks of Turkey. Looking back we see our success came from being committed to anticipating and meeting the ever changing demands of Turkey's economic growth. We persistently invested in technological innovation, in customer satisfaction initiatives and in products that became many of the "firsts" of the Turkish banking world. We provided support for foreign trade and built a solid reputation in international banking.

As a result, our correspondents have profited, our customers have profited and so has Pamukbank. Get in touch with us for our 1994 annual report and see how Pamukbank could add to your success.

PAMUKBANK

Very international in Turkey

Please contact Mr. Atilla Çetiner, Executive Vice President, International Division. Büyükdere cad. No.82 Gayrettepe-İstanbul 80450 / Turkey Telephone: (0212) 267 10 92 - 272 34 84 Telex: (0212) 266 28 74 - 266 25 99

Research on new markets

Dial the Financial Times Business Research Centre on +44 171 873 4102 or fax across your details on +44 171 873 3069 for details of our services

FT
FINANCIAL TIMES

The Emerging Investor / Edward Luce in Manila

Technical rally leaves brokers baffled

Last week's jump in Philippine inflation from 8.4 per cent to 11.8 per cent has sent Manila-based analysts scrambling to revise year-end market forecasts.

The steep rise in inflation, the biggest monthly rise in years and the highest annual rate since 1991, caused the stock market to plummet by 1.9 per cent on Wednesday as the figure seeped out.

Since then the market has regained ground, ending the week at 2,640 - or 22 points higher than Wednesday's close. However, the technical rally, as local brokers have described Thursday and Friday's mini-recovery, is expected to be short-lived.

"We cannot understand why the market rallied at all," says Mr. Matthew Sutherland, chief of the largest foreign brokerage houses in Manila. "All the foreign institutional investors we have spoken to in the last few days are planning to steer clear of the Philippine market until the government proves it can control inflation."

Overseas portfolio funds account for roughly two-thirds of the PSE's daily turnover.

Just two months ago brokers were predicting that the composite index would touch 3,000 by the end of the year, which is below the PSE's high of 3,800 in January 1994, but well above the nadir witnessed earlier this year in the wake of the Mexican crisis.

Since Wednesday, however, the picture has turned upside down. Year-end forecasts now average between 2,250 and 2,500, which suggests that the market has a lot further to fall in the last quarter.

"One of the main worries is that the government is going to push up interest rates quite steeply to try and choke off inflationary pressures," says Mr. Noel Reyes, chief researcher at Dharma Securities. "This will have a negative effect on corporate earnings and hence on stocks."

Indeed, at 10.7 per cent on Friday the central bank's bellwether 91-day T-bills are well below the headline inflation rate. The indications are that the authorities will push the T-bill rate up to a minimum of 13 per cent in the next few weeks to dampen speculative borrowing.

This will feed into prime lending rates of about 20 per cent, which in turn will curtail private sector borrowing and corporate profit margins. Net profit increases averaged around 25 per cent in the first half of the year.

The second worry concerns two forthcoming rights issues. Later this month Fil-Estate Land (FEL), a low to middle-income housing group, is to release 200m shares at 19.5 pesos a share. Its parent company, Fil-Invest Development Corp., has just completed an international roadshow for a secondary rights issue of 50n

pesos (\$200m) at 26 pesos a share.

FDC's offering met with a poor response overseas and will, by all accounts, face a correspondingly anemic reception at the public listing next week. "This is not a good time to issue shares," says Mr. Reyes. "But if you had to buy one or the other we would certainly go for Fil-Estate Land."

Owing to its concentration in low and middle-income housing, Fil-Estate Land, which is to release the shares on October 24, is considered insulated from the expected collapse of the top-end property market. According to government calculations, demand for low-income housing is expected to outstrip supply until 1998 as disposable incomes rise in line with economic growth.

FDC, by contrast, is heavily exposed to luxury real estate ventures, such as its 340ha Corporate City project in Alabang, Manila, and its minority stake in Fort Bonifacio, a 214ha prime site property development in central Manila.

Prime land prices in Makati, Manila's business district, have doubled to about 31,000 a square metre since January. An eventual glut of top-end property space is therefore considered probable.

FDC's offering, however, is not the only stock facing questions. With historically high gearing ratios the majority of property companies would be badly stung by a steep rise in

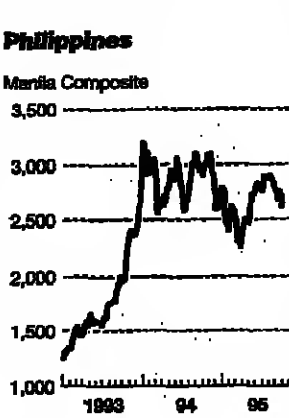
the cost of debt. With liabilities at around 40 per cent of total equity, Ayala Land, the country's largest property stock, is one of the few which is considered relatively immune to the expected increase in the cost of borrowing.

Others such as Megaworld, which reported net profits more than doubled to 426m pesos in the first half, are more likely to suffer in the event that the property bubble bursts. Megaworld has several luxury residential and office in the pipeline and a steep debt-equity ratio.

The third worry being voiced loudly by many brokers last week was the government's leaking of the inflation figure. The National Statistics Office distributed the September inflation figure to a select group of stockbrokers in advance of the official release on Wednesday, which was issued after the market closed. As a result, those left in the dark lost money as the market nosedived.

The stock market authorities are now investigating. "We are looking into this matter," says Mr. Eduardo De Los Angeles, president of the PSE. "Some brokers knew at about 8am, when even president Ramos did not find out until 3pm. I have asked the PSE surveillance office to identify which brokers were informed before everyone else."

Mr. De Los Angeles, who is expected to become head of the



Source: FT Index

SEC next year after his term at the PSE expires, says he is confident that the campaign to root out insider trading would gather pace.

A much-awaited capital market reform programme, which was delayed until August because of a public row between the government and Ms Rosario Lopez, then head of the SEC, is going ahead. The removal of Ms Lopez and the subsequent acceleration of attempts to prosecute companies suspected of insider trading will restore foreign investors' confidence in the market, says Mr. De Los Angeles.

"We hope that our first successful conviction will send a signal to foreign investors that the market is becoming more equal."

"Our main worry at the moment is over inflation, not insider trading."

Philip Gawth

CURRENCY MARKETS

G7 setting tone for markets

The gaggle of officialdom in Washington DC for the annual meetings of the IMF and World Bank, combined with a few public holidays, could dampen activity this week on the foreign exchange.

The key issue will be how markets respond to the week-end statement by the G7 finance ministers and central bankers on currencies. They said they "welcomed the orderly reversal in the movements of the major currencies that began following their April meeting [and would] wel-

come a continuation of these trends consistent with underlying economic fundamentals". They also reaffirmed their commitment "to reduce imbalances and to co-operate closely in exchange markets".

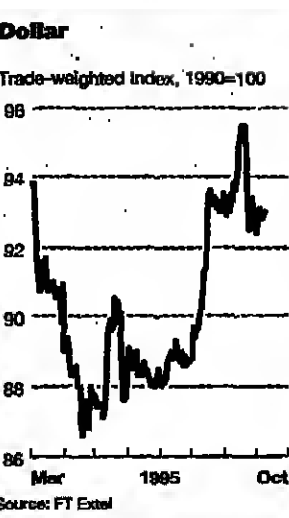
The language is unremarkable, and it may well be that the first trade of the week is a "disappointment" trade - selling the dollar in protest at lukewarm central bank commitment to supporting it. But whether there will be any momentum behind the selling is a moot point.

First, the US market is closed today for Columbus Day, and Japan is closed tomorrow. Thin markets can inhibit trade (but can also provide a helpful backdrop to central bank intervention).

Second, markets scoffed at the April G7 statement calling for an "orderly reversal" in currency trends, but were proved wrong. Central banks were true to their word and a deft combination of policy changes and intervention in the following months helped initiate a sharp dollar rally.

This precedent may make traders wary of selling the dollar aggressively. With all leading financial officials gathered in Washington, there will also be fears of intervention.

The other focus will be the French franc, which the central bank was forced to support when it fell sharply on Friday. The basic problem is the market's belief that the government will be forced to abandon its franc fort policy. Any adverse political or economic development simply reinforces attention on this fact.



Source: FT Index

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Friday, October 6, 1995. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

	£ STG	US \$	D-MARK	YEN	£ STG	US \$	D-MARK	YEN	£ STG	US \$	D-MARK	YEN	
Algeria (Dinar)	132.26	44.42	311.82	40.83	Algeria (Dinar)	132.26	44.42	311.82	40.83	Algeria (Dinar)	132.26	44.42	311.82
Angola (Kwanza)	14.05	89.65	20.00	10.00	Angola (Kwanza)	14.05	89.65	20.00	10.00	Angola (Kwanza)	14.05	89.65	20.00
Argentina (Peso)	78.25	50.10	35.38	51.14	Argentina (Peso)	78.25	50.10	35.38	51.14	Argentina (Peso)	78.25	50.10	35.38
Armenia (Dram)	12.78	20.49	3.54	4.77	Armenia (Dram)	12.78	20.49	3.54	4.77	Armenia (Dram)	12.78	20.49	3.54
Australia (Dollar)	106.83	123.78	85.72	122.53	Australia (Dollar)	106.83	123.78	85.72	122.53	Australia (Dollar)	106.83	123.78	85.72
Austria (Schilling)	13.76	13.76	13.76	13.76	Austria (Schilling)	13.76	13.76	13.76	13.76	Austria (Schilling)	13.76	13.76	13.76
Bangladesh (Taka)	60.88	59.82	38.89	59.88	Bangladesh (Taka)	60.88	59.82	38.89	59.88	Bangladesh (Taka)	60.88	59.82	38.89
Barbados (Dollar)	4.28	4.28	4.28	4.28	Barbados (Dollar)	4.28	4.28	4.28	4.28	Barbados (Dollar)	4.28	4.28	4.28
Belize (Dollar)	1.00	1.00	1.00	1.00	Belize (Dollar)	1.00	1.00	1.00	1.00	Belize (Dollar)	1.00	1.00	1.00
Bhutan (Ngultrum)	692.50	400.00	390.34	397.00	Bhutan (Ngultrum)	692.50	400.00	390.34	397.00	Bhutan (Ngultrum)	692.50	400.00	390.34
Bolivia (Boliviano)	2.25	2.25	2.25	2.25	Bolivia (Boliviano)	2.25	2.25	2.25	2.25	Bolivia (Boliviano)	2.25	2.25	2.25
Bosnia (Convertible Mark)	2.07	1.31	0.35	1.00	Bosnia (Convertible Mark)	2.07	1.31	0.35	1.00	Bosnia (Convertible Mark)	2.07	1.31	0.35
Brazil (Real)	2.07	1.31	0.35	1.00	Brazil (Real)	2.07	1.31	0.35	1.00	Brazil (Real)	2.07	1.31	0.35
Bulgaria (Lev)	1.00	1.00	1.00	1.00	Bulgaria (Lev)	1.00	1.00	1.00	1.00	Bulgaria (Lev)	1.00	1.00	1.00
Burkina Faso (CFA Franc)	694.05	495.00	307.89	495.00	Burkina Faso (CFA Franc)	694.05	495.00	307.89	495.00	Burkina Faso (CFA Franc)	694.05	495.00	307.89
Burundi (Franc)	327.55	100.00	105.20	140.02	Burundi (Franc)	327.55	100.00	105.20	140.02	Burundi (Franc)	327.55	100.00	105.20
Cameroon (CFA Franc)	1.00	1.00	1.00	1.00	Cameroon (CFA Franc)	1.00	1.00	1.00	1.00	Cameroon (CFA Franc)	1.00	1.00	1.00
Canada (Dollar)	0.69	0.69	0.69	0.69	Canada (Dollar)	0.69	0.69	0.69	0.69	Canada (Dollar)	0.69	0.69	0.69
Cape Verde (Escudo)	165.00	123.78	85.72	122.53	Cape Verde (Escudo)	165.00	123.78	85.72	122.53	Cape Verde (Escudo)	165.00	123.78	85.72
Chad (CFA Franc)	65.50	40.00	39.03	39.70	Chad (CFA Franc)	65.50	40.00	39.03	39.70	Chad (CFA Franc)	65.50	40.00	39.03
Chile (Peso)	118.80	118.80	118.80	118.80	Chile (Peso)	118.80	118.80	118.80	118.80	Chile (Peso)	118.80	118.80	118.80
China (Yuan)	8.27	8.27	8.27	8.27	China (Yuan)	8.27	8.27	8.27	8.27	China (Yuan)	8.27	8.27	8.27
Colombia (Peso)	1,114.4	1,114.4	1,114.4	1,114.4	Colombia (Peso)	1,114.4	1,114.4	1,114.4	1,114.4	Colombia (Peso)	1,114.4	1,114.4	1,114.4
Costa Rica (Costa Rican Colon)	23.30	23.30	23.30	23.30	Costa Rica (Costa Rican Colon)	23.30	23.30	23.30	23.30	Costa Rica (Costa Rican Colon)	23.30	23.30	23.30
Cote d'Ivoire (CFA Franc)	694.05	495.00	307.89	495.00	Cote d'Ivoire (CFA Franc)	694.05	495.00	307.89	495.00	Cote d'Ivoire (CFA Franc)	694.05	495.00	307.89
Croatia (Croatian Dinar)	1.00	1.00	1.00	1.00	Croatia (Croatian Dinar)	1.00	1.00	1.00	1.00	Croatia (Croatian Dinar)	1.00	1.00	1.00
Cuba (Cuban Peso)	24.00	24.00	24.00	24.00	Cuba (Cuban Peso)	24.00	24.00	24.00	24.00	Cuba (Cuban Peso)	24.00	24.00	24.00
Cyprus (Cypriot Pound)	1.00	1.00	1.00	1.00	Cyprus (Cypriot Pound)	1.00	1.00	1.00	1.00	Cyprus (Cypriot Pound)	1.00	1.00	1.00
Czech Republic (Czech Koruna)	166.64	166.64	166.64	166.64	Czech Republic (Czech Koruna)	166.64	166.64	166.64	166.64	Czech Republic (Czech Koruna)	166.64	166.64	166.64
Dominican Republic (Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17	137.17	Dominican Republic (New Peso)	137.17	137.17	137.17
Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17	137.17	Dominican Republic (Old Peso)	137.17	137.17	137.17
Dominican Republic (New Peso)	137.17	137.17	137.17										

WORLD BOND MARKETS: This Week

NEW YORK

Richard Waters

The Treasury market will be looking to the latest US inflation and retail sales figures this week for further signs of a soft landing for the economy – and the prospect of further gains for long-dated bonds.

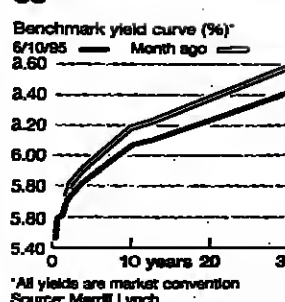
The data will come at the end of a trading week shortened by today's Columbus Day holiday.

Last Friday's employment report seemed to confirm that soft landing remains in respect. The market is expecting a similar message from the data due to be released this week.

Inflation is now generally believed to be well under control: both the Producer Price Index for September, due to be released on Thursday, and the Consumer Price Index, expected a day later, are expected to show rises of 0.2 per cent.

At that level, consumer prices would have advanced at an annualised rate of less than 1 per cent so far this year.

US



Retail sales for September, meanwhile, are likely to register some slowdown from August's strong advance – although views differ sharply on just how strong consumer spending remains.

Purchases of furniture and appliances linked to the buoyant housing market, for instance, could keep the growth in retail sales as high as 0.5 per cent, though some economists expect the growth to be as little as 0.1 per cent.

LONDON

Conner Middelmann

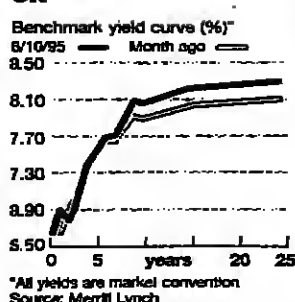
UK gilts are expected to remain within current trading ranges this week, supported by data confirming recent survey evidence of a slowing economy with few inflationary pressures.

This could fuel further yield-curve steepening as rate cut expectations are reinforced. However, much of that has already been reflected in price movements: in the last two weeks, the gap between two-year and 10-year gilt yields has widened from 100 to 133 basis points.

"Much of the market has already placed this bet, and is therefore vulnerable to bearish flattening on any evidence from chancellor Kenneth Clarke at his party conference speech on Thursday that diminishes rate and tax cut hopes," warns Mr Andrew Roberts, gilts analyst at UBS.

On the data front, the speech will be on September producer prices, due Monday, and retail prices, due Thursday.

UK



that the peak in output price increases has now passed and we look for both the headline and underlying annual rates to have fallen," notes Mr Nigel Richardson, head of fixed-income research at Yamalchi.

However, he notes: "It is too early for the annual rates of the RPI measures to have decelerated, and we expect the RPIX (excluding mortgage interest payments) to have shown a further small increase in inflation."

FRANKFURT

Wolfgang Munchau

Uncertainty about the near-term performance of the German economy has been fuelled by two reports pointing towards slower economic growth.

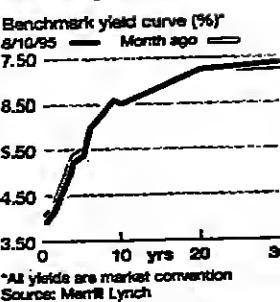
Last week, the Federal Labour Office released a surprisingly pessimistic employment report, showing a 43,000 rise in unemployment – of which more than two-thirds is accounted for by eastern Germany.

In a report out today the Ifo Institute, one of the six leading German economic institutes, will show that it has found further evidence of an economic slowdown in the western German economy.

The production index for 1994, according to Ifo, will only just reach 1993 levels, with an expected average annual rise of only 2.2 per cent, compared with a forecast 5.5 per cent for the current year.

Meanwhile, German inflation remains comfortably below 2 per cent, following a recent revision of the statistical base.

Germany



Low inflation and a weakening economy increase the Bundesbank's room for manoeuvre for a further cut in the discount rate.

In spite of the various indicators of economic slowdown, there are no signs of a significant downturn, let alone a recession. Most institutes predict economic growth of around 2.5 per cent next year, compared with previous predictions of around 3 per cent.

TOKYO

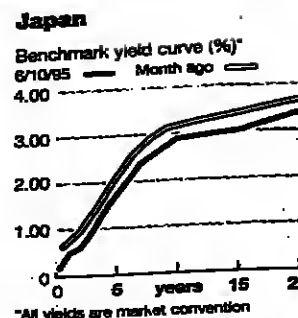
Emiko Terazono

Japanese government bond prices started to slip on Thursday for the first time in six trading days, then extended their losses on Friday. Traders attributed the second day of losses to position-squaring ahead of the weekend and because of uncertainty about the meeting of finance ministers in Washington DC. The benchmark 10-year bond fell 0.45 to 113.65 with yield up to 2.705 per cent.

Speculation that the Bank of Japan was planning a buying operation made the rounds on Thursday and Friday. When no action emerged, disappointed investors began to sell, nipping rallies on both days.

But many bond traders remain positive, attributing the sell-off to a reaction to five consecutive days of rises that put the benchmark cash bond and the key government futures contract at near record levels.

Many who had bought heavily during the rally, brokers said, were now



unwinding their profitable long positions.

With Tuesday a national holiday and in the absence of strong news, the bond markets are likely to remain quiet at least until mid-week.

Although most dealers remain bullish, at least one warns that the key December contract is vulnerable if it breaks support at about 120.80. The contract finished the week at 121.08 after bouncing back from an intraday low of 120.90.

International bonds

D-Mark and yen lift nine-month totals

Emerging market debt has taken a remarkable recovery from the lows following Mexico's peso crisis last winter, and eurobond issuance has been urged accordingly, reaching the highest volumes since the summer of 1993.

In the year to date, some 21bn of new bonds from issuers in triple-B or lower-rated countries have been issued in the light of it, according to Union Bank of Switzerland.

That's less than the \$38bn issued in 1993, but rapidly approaching last year's total of 25.4bn. The biggest issuers have been Mexico, Brazil, Argentina and Hungary, raising some \$14bn between them.

Interestingly, the bulk of emerging-market issuance has not, as in previous years, been denominated in US dollars, but in Japanese yen and D-Marks.

According to West Merchant bank, only 56 per cent of the first three quarters' euros have been denominated in dollars, compared with 85 per cent in 1994 and 88 per cent in 1993. Yen bonds have accounted for 7 per cent, up from 5 per cent in 1994 and 3 per cent in 1993,

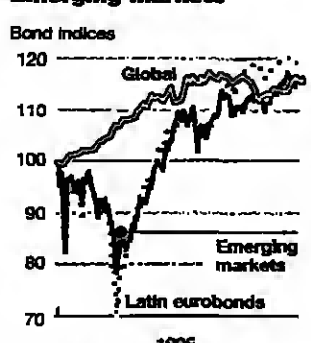
while D-Mark bonds made up 14 per cent, against 6 per cent in 1994 and 5 per cent in 1993. This shift has come in response to strong demand for high-yielding local-currency investments in Japan and Germany, where interest rates on domestic savings instruments have fallen sharply.

There has been a particularly strong bid from Japanese retail investors seeking, to refinance some ¥20,000bn of high-yielding bank debentures maturing this autumn with paper offering similar returns.

As a result, borrowers are paying lower funding costs than they would in US dollars. "You can achieve cheaper funding and tighter spreads in the less spread-sensitive Japanese and German markets," says Mr Richard Luddington, global head of emerging market debt at J.P. Morgan.

Also, borrowers can diversify their investor base away from professional participants towards less trading-oriented holders. "Retail investors tend to buy and hold, thus minimising the chances of spread volatility," says Mr Luddington.

Emerging markets



Source: JP Morgan

However, some say the vast volume of D-Mark and yen bonds targeted at yield-hungry retail investors, keen on coupons but unaware of credit risk, has obscured the fact that demand from professional investors remains meagre.

"Institutional demand for new issuance has been limited," says Mr Alexander Mitchev-Smith, head of emerging markets research at UBS. "Once you strip out non-dollar paper and dollar debt dressed up as bonds but really

syndicated to banks, you arrive at a figure of barely \$7bn. If we were in a veritable no-holds-barred bull market, demand for bonds would be higher than that has proved so far," he says.

Although the interest-rate backdrop remains benign and fundamental developments in many countries are positive, Mr Mitchev-Smith says investors' caution is justified.

"The key phrase for the fourth quarter is event-risk, and we would look to take profits before the year-end," he says. "Considering the ghastly start to 1995 and the good profits which have been made in the past six months, we would recommend investors protect those profits rather than hold out for the rally's final fling."

In Argentina and Mexico, Mr Mitchev-Smith warns, there is strong opposition from powerful political figures to aspects of economic and political reform; elections loom in Poland and Russia; in Bulgaria and the Philippines the pace of reform has slowed and in Venezuela reforms are hardly proceeding at all; and in Nigeria, Ecuador, Turkey, Hun-

gary and Pakistan the political situation is unstable.

Terms of recent bond issues also indicate that investor sentiment hasn't fully recovered from pre-crisis levels.

"Market access is still more restricted than previously for private issuers, [institutions] are in general not yet as long and yield spreads have not fallen to earlier levels," says Mr Peter West of West Merchant Bank.

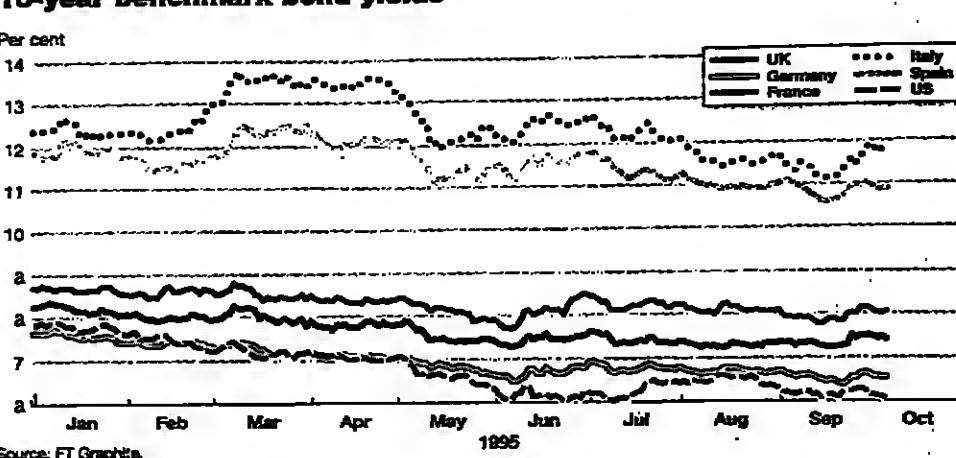
One region that has benefited from investors' continued diversification away from Latin America has been emerging Europe, including Turkey.

"There is on-going demand for new paper out of these countries, based on investors' enthusiasm for the economic outlook for the region and their relative scarcity value," says Mr Luddington.

As well as outstanding eurobonds for Hungary, the Czech Republic and Poland, investors will soon be able to buy issues from entities in Croatia, Slovakia, Slovenia, Romania and Russia, which are expected in the next six months.

Conner Middelmann

10-year benchmark bond yields



Source: FT Graphica

INTEREST RATES AT A GLANCE

	USA	Japan	Germany	France	Italy	UK
Discount	5.25	0.50	3.50	8.15	8.00	8.75
Overnight	5.50	0.38	4.00	5.55	10.18	8.63
Three month	5.48	0.46	3.93	8.85	10.50	8.62
One year	5.80	0.56	3.93	6.44	10.68	8.87
Five year	5.89	1.59	5.38	5.94	11.54	7.49
Ten year	6.07	2.90	5.58	7.58	11.95	8.08

(1) Funds-Rate etc. (2) UK-Bank rate. Source: Reuters.

US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	115-10	115-19	+0-08	115-30	114-20	348,958	332,895
Mar	114-31	115-08	+0-08	115-19	114-10	2,106	15,113
Jun	114-15	114-25	+0-08	115-00	113-30	636	2,649

Government bonds

Ireland emerges from shadow of UK

Ireland's tiny government bond market, for so long struggling in the shadow of the larger UK gilt market, appears to be shaking off the attentions of its neighbour. Since the end of September, in the first time since John Bruton's three-party coalition took office last year, yields on Irish bonds have dropped through UK gilt rates, reflecting renewed investor confidence in the economy.

"Six months ago, 10-year Irish bonds were yielding 25 basis points over the equivalent UK gilt, now it's 10 basis points below," says Jonathan Westrop, of NCB, a Dublin-based brokerage owned by Ulster Bank, itself a subsidiary of National Westminster Bank.

Since the 1993 collapse of the European exchange rate mechanism, investors have used the Irish market to play off their UK exposure. However, yields on benchmark Irish bonds are steadily falling and in spite of worries over the timing of European monetary union, traders say Irish yields are now following German rates.

The fundamentals are certainly solid enough. Ireland is currently one of only three European Union economies – with Luxembourg and Ger-

many – meeting Maastricht criteria for monetary union.

The general government deficit is running at around 2.5 per cent of GNP, within the 3 per cent Maastricht limit. Inflation has been held in check at between 2 and 2.5 per cent while growth is around 6 per cent – the fastest rate in the Organisation for Economic Co-operation and Development.

The bond market should be given a boost in December when the National Treasury Management Agency introduces a new market-making system – the latest in a string of reforms to the Irish securities markets since the NTMA took over managing the country's borrowings in 1990.

With the progressive reduction in exchange controls, Irish pension funds have cut their holdings of Irish fixed interest securities from an average of 42 per cent at the end of 1987 to 23 per cent at the end of 1993. Given the trend in the UK, where gilts make up around 10 per cent of the portfolios of pension funds, further reductions in the exposure of Irish institutions seems likely.

However, this trend is matched by growth in the holdings of foreign institutions,

which are estimated at 30 per cent of Ireland's total debt, against 15 per cent in 1987.

The thinking behind the new market-making system is to provide additional liquidity, which in the past has added a premium to the cost of Irish sovereign borrowing.

"The market had been known to just dry up from time to time, which frightens foreign investors. Sometimes the screen would go off only," says Mr Robert Stewart of Matheson Investment Management in London.

Mr Michael Horgan, deputy director of domestic debt at the NTMA describes the present system as "fair-weather price-making". Under the new arrangement, six designated brokers – the Irish houses NCB, Davy, Riada, Goodbody and the two Swiss firms Credit Suisse First Boston and UBS – will be required to quote bid and offer prices in a range of benchmark stocks.

The timetable was set for October but with the planned split of the Dublin and London stock exchanges now put back from July to December, the change in the bond market was also postponed, largely to avoid having to appoint the

two foreign brokers to the Dublin stock exchange twice.

The Irish government debt market is currently around £14.5bn – the balance being in foreign exchange. Annual financing is running at around £2.2bn, including refinancing £1.7bn of existing debt.

Some brokers are less enthusiastic about the new system. "Market-making is always seen as a panacea. The real test is: Will the market-makers stand up and make a price when the market is losing two or three points a day, as it did in 1992?" says Mr Colin Harte of Nat-West Investment Management.

Dublin is bracing itself for a period of volatility in the run up to Euro, but as one official put it: "We hope it will be quick and dirty."

For UK institutions exposed to the gilts markets, the Irish market offers what Mr Harte calls a "free option" on monetary union.

"If the UK stays out and Ireland goes in, then Irish gilts will converge with the DM. On the other hand, if sterling and the Irish punt go in, then you should see a strong rally in both markets."

John Murray Brown

IN THE BEGINNING WAS THE WORD

Communication fuels human interaction. It's the force that holds societies together. It keeps ignorance at bay, builds trust and gives wings to ideas. Without it all progress would be unthinkable.

Nokia helps people communicate. Through cellular phones that make voice and data communication independent of space and time. And with systems and solutions for mobile and fixed telecom networks that not only bring continual benefits to users but also generate prosperity for network operators.

Give us a call. A few words can lead to great things.

Nokia Head Office
P.O. Box 226
FIN-00101 Helsinki
FINLAND
Tel +358 0 18 071
Fax +358 0 656 388

مكتبة الأهل

EQUITY MARKETS: This Week

NEW YORK

Lisa Bransten

Bears return as reporting season looms

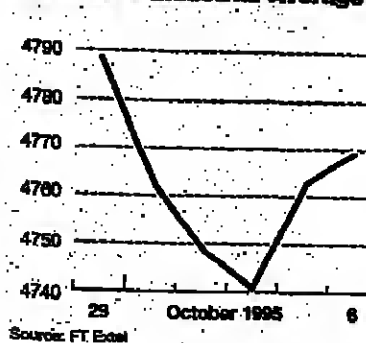
The bears are beginning to reappear on Wall Street. After nearly nine months of charging bulls, caution has re-emerged on the eve of the earnings reporting season.

The Dow Jones Industrial Average ended last week down 20 points at 4,789.21 as investors pulled money out of companies they feared would announce poor third-quarter results.

This week marks the start of the reporting season and, while some economic news is due, most activity is likely to hinge on corporate results.

Especially important will be technology companies which fell last week - the Pacific Stock Exchange technology index was off 4 per cent - on earnings jitters. Advanced Micro Devices, which helped set off the slide in technology shares when it announced two weeks ago that third-quarter profits would be below second-quarter levels, is due to release

Dow Jones Industrial Average



Source: FT Data

results, as are other chipmakers Motorola and Texas Instruments.

Chrysler's results are also expected and they may give a taste of things to come in the motor vehicle sector, just as J.P. Morgan's results may do for the financial sector.

Producer and consumer price indices for September are due on Thursday and Friday. Economists expect the CPI to be up 0.3 per cent and the PPI 0.2 per cent.

September retail sales figures due on Friday should give an indication of whether consumers will put some life back in the economy.

LONDON

Steve Thompson

Investors look for indicators on policy shifts

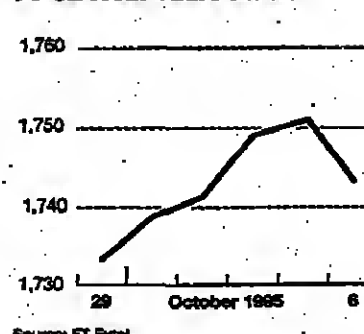
London equities face another thin week for company news, although attention could well shift from the corporate sector following the recent turmoil in the currency and bond markets.

A long list of domestic economic data, including producer prices, inflation news and the September report on distributive trades from the Confederation of British Industry, will provide the market with good indications on how the government's monetary policy is progressing.

And the market will be eager to hear what the chancellor has to say at the Conservative Party Conference gets under way in Blackpool. Investors will be seeking pointers to any shifts in policy or hints as to prospects for tax cuts in the November 28 budget.

There were no shocks for equities from last week's Labour Party Conference. On the contrary, share prices galloped ahead with cash from

FT-SE-100 All-Share Index



Source: FT Data

the recent spate of bids in utilities and elsewhere being pushed back into the market. A sharp increase in volumes was a good indication that fund managers have been executing shifts in asset allocations and sector rotation as the fourth quarter got under way.

If the market is to launch another attack on its all-time high of 3,557.0, it may well need the impetus of more takeover bids. The electricity sector is still a happy hunting ground with last week witnessing National Power's bid for Southern and an increased offer for Norweb from the Texas partners.

International offers

Domestic investors get Telefonica off the hook

The theme of many a romantic novel or film is of a man who pursues a girl who does not love him but who in the end finds true love with the girl next-door.

In the international equity market, the book-building process is designed to help companies or governments selling stock to avoid such mistakes of unrequited love by directing the stock directly into the arms of the keenest investors.

However, in the case of Telefonica, the Spanish telecoms company which closed its \$1.3bn sale of state-owned shares last week, book-building failed to do that.

Telefonica said the foreign institutional tranche was 1.7 times subscribed, which paled in comparison with the domestic retail tranche, which was eight times subscribed - far surpassing initial expectations.

In retrospect, the heavily-regionalised structure conspired against Telefonica because the lack of a centralised book did not allow it to assess the spread of demand early on.

Also, a lack of flexibility between the various tranches meant only a limited number of shares could be clawed back from the institutional tranche to satisfy retail investors.

Certainly, having most of the Spanish bank network promoting the issue gave Telefonica much deeper penetration at home than it had anticipated.

In addition, the discount to the issue price and the successful offering earlier in the year from Repsol, the oil company in which the state still has 21 per cent, encouraged more small investors to participate.

International investors failed to meet expectations, however. The weak areas were the US and continental Europe, where demand was not sufficient to trigger the over-allotment options. By contrast, the UK and the rest of the world tranches were increased.

Stock market weakness and poor book-building resulted in a 17.5 per cent drop in anticipated income for the government. Nevertheless, the deal was done and signs of healthy demand for equity from retail investors should speed up

plans to dispose of the remaining state holding in Repsol.

KPN, the Dutch telecoms company which starts its book-building process today, is keen to avoid the mistakes made in Spain. ABN-Amro is running a global book with no restrictions on the size of the various tranches, although underwriters will be given an underwriting range. The final size of the tranches will be announced with pricing on October 23.

Nevertheless, KPN should bear the Telefonica experience in mind when it comes to pricing. International investors, who are becoming more conservative about telecoms offerings because of the huge choice available over the next 18 months, are clearly unwilling to pay up for stock, especially in the case of a secondary offering, which Telefonica and KPN both are.

The cautious response from international investors to the Spanish offering also raised concerns of "investor fatigue", which would be alarming at the start of one of the busiest quarters in living memory.

"The calendar is so overcrowded that selling the stock is like trying to shove rope through the eye of a needle," says one syndicate manager.

The general view among syndicate managers, however, is that international investors are being selective and are paying more attention to initial public offerings.

"There is a lot of money that needs to be invested but fund managers also have to keep an eye on their overall performance," says one banker.

Of the IPOs which closed last week, the sale of the Norwegian state's 95.9 per cent stake in Fokus Bank, the country's third-largest commercial bank, was 15 times subscribed, according to global co-ordinator, Dresdner Bank-Kleinwort Benson. The shares were priced at Nkr29, the top of the indicated range.

A top price was also achieved by Tambang Timah, the Indonesian tin mining company, whose shares were priced at Rp2,900 a share, or \$12.75 per global depository receipt, which represents 10 shares. Tambang's success

should bode well for the imminent \$2bn to \$3bn IPO by PT Telkom, Indonesia's telecoms company. This offering should be priced by early November.

A full price is also expected in Papua New Guinea's \$450m flotation of the Lihir Gold mining company, where the price range is A\$1.32 to A\$1.57. Contrary to expectations, the strongest demand came not from natural resource funds but from emerging market funds wanting to initiate exposure to PNG.

International investors are showing less interest in other IPOs currently under way, such as Gucci and E. Merck, the German pharmaceuticals group. Syndicate managers report strong demand for Merck at DM51, in the middle of the DM46-DM56 range.

However, some UK investors were irritated by the company's reticence to reveal additional information during visits last week and that the company's own forecasts were more conservative than those of their bankers.

Investors should get details this week of Germany's other high-profile IPO, the sports-wear maker Adidas. The shares are likely to be listed in Frankfurt and on London's Seaq but plans for a Paris listing have been dropped. The flotation is likely to have a 144a tranche for the US.

Meanwhile, pre-marketing of the privatisation of Eni, Italy's oil and chemicals company, got under way with the launch of the corporate advertising campaign in Italy. The company is seeking a listing in New York as well as in Milan.

Contrary to talk circulating in London last week, a partly-paid structure will not be used in Eni's £10,000bn (\$6bn) issue, although it could be a feature in next year's offerings by Stet, Italy's telecoms company, and Enel, the electricity utility.

Kleinwort is bringing two more Scandinavian deals: a \$120m IPO by Scandinavian Mobility, a healthcare products company, and a \$150m IPO by BT Industries, a Swedish indoor fork-lift truck producer.

Antonia Sharpe

OTHER MARKETS

AMSTERDAM

The cautious response from global institutions to last week's sale of shares in Telefonica, the Spanish telecoms utility, is unlikely to have any impact on the forthcoming sale of the second tranche in Koninklijke PTT Nederland (KPN), the Dutch telecommunications and posts group, writes John Pitt.

Applications open today and will close on October 20. The KPN sale is the second since the group was partially floated in June 1994 and will reduce the state's stake from 70 per cent to between 33.3 per cent and 49.9 per cent.

It is hoped to raise at least £15bn. Brokers said that the offer was potentially the largest in the Netherlands this year.

As part of the secondary offering, the shares will also be listed for the first time on the NYSE.

US trading is scheduled to start on October 23. Analysts said that the Telefonica story would not taint the issue because there was such a great difference between the two utilities, in terms of market strategy and vulnerability to the political environment.

FRANKFURT

There is little on the agenda to stir the market this week, although Munich-Re holds its press conference tomorrow.

UBS expects, however, that like the Allianz meeting last week, the Munich-Re meeting is unlikely to focus on the group's overall performance, instead proving purely educational on how the group handles large project technical risks, such as the Eurotunnel project.

The market will instead have to wait until October 26 for the first figures on last year's performance, with further details planned on November 8.

MILAN

The market was in gloomy mood last week as question marks about the budget were compounded by the downbeat reception in Milan to Fiat's presentation for London investors.

This puzzled some of the analysts who attended the meeting: they insisted that the company had said nothing that was not already in the market.

Nonetheless, the cumulative effect was to push the Comit index firmly below strong support at 620, with 600 now being seen as the floor.

PARIS

The interim results season continues with figures expected from media groups, Havas, TFI and Suez. The TFI announcement will be scrutinised with particular regard to its programming schedule since the autumn package was poorly received.

Similarly with Suez, the investment community will watch to see how much pressure weakness in the property market has put on first-half earnings.

ZURICH

The market spent much of last week knocking on the door of the SMI index's 3,055 point resistance level, but without success. Many analysts believe that the market is overdue a correction after its sterling performance of the last six months, doubting that the upward momentum can be maintained in the final quarter of the year. On the corporate front, Ciba publishes third quarter figures on Thursday.

TOKYO

Foreign exchange movements will continue to be closely watched this week, writes Robert Patton.

Speculation that G-7 ministers might lend stronger support to the dollar was a major market-moving factor last week and if such support does not materialise and the dollar sinks below the critical ¥100 level, Tokyo stocks could suffer as well.

Foreign investors spearheaded last week's upward movement and overseas interest is likely to continue its bellwether role this week.

Traders continued to focus on futures prices last week, with arbitrage unwinding also playing a key role in strengthening the market.

Today, figures for machinery orders will be released. BZW Securities in Tokyo estimates that private machinery orders will rise 2 per cent month on month.

The hottest part of the machinery market is that for semiconductor production machinery, a segment that performed well last week.

BZW points out that semiconductor production equipment has been growing at a 50 per cent annualised rate all this year and is expected to make a major contribution to the September machinery figures released today.

Markets will be closed for a national holiday tomorrow

HONG KONG

With the corporate reporting season finished, the week is likely to start quietly with investors digesting the US jobs data, released on Friday, writes Louise Lucas.

However, brokers remain bullish, citing increased liquidity from overseas and expectations of a further cut in interest rates over the medium term. Last week the Hang Seng hit a high for the year and closed the week at 9,873.80.

Resistance is seen at 10,000, but most brokers believe this can be pierced. Salomon Brothers, which is targeting 11,000 for the index, is looking for a cyclical upturn in the economy next year, due to domestic infrastructure investment and a relaxation of the credit squeeze in China.

This, with benign interest rates and attractive valuations relative to the US market, should help earnings growth.

Locally, Mr Chris Patten, the governor, delivers his policy address on Wednesday. But the improvement in Sino-British relations was absorbed into the market last week after meetings in London between Qian Qichen, the Chinese foreign minister, and UK ministers.

Compiled by Michael Morgan

NEW ISSUE

This announcement appears as a matter of record only.

October 1995

U.S. \$750,000,000



SANDOZ Capital BVI Ltd.

(Incorporated under the laws of the British Virgin Islands)

2% Guaranteed Convertible Bonds Due 2002

unconditionally and irrevocably guaranteed by
and convertible into registered shares of

SANDOZ Ltd.

(Incorporated under the laws of Switzerland)

CS First Boston

Goldman Sachs International

J.P. Morgan Securities Ltd.

Morgan Stanley & Co.

International

Salomon Brothers International Limited

NEW ISSUE

This announcement appears as a matter of record only.

October 1995

SFr. 750,000,000



SANDOZ Capital BVI Ltd.

(Incorporated under the laws of the British Virgin Islands)

1 1/4% Guaranteed Convertible Bonds Due 2002

unconditionally and irrevocably guaranteed by
and convertible into registered shares of

SANDOZ Ltd.

(Incorporated under the laws of Switzerland)

Credit Suisse

Union Bank of Switzerland

Swiss Bank Corporation

Members of the Groupement
des Banquiers Privés Genevois

Gruppe Deutschschweizer
Privatbanken

Cantonalbanks of Switzerland

MC Securities Limited

WORLD STOCK MARKETS

EUROPE									
Country	Index	High	Low	Open	Close	Change	Vol.	High	Low
Austria (Oct 6 / Fri)									
Vienna	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Belgium (Oct 6 / Fri)									
Brussels	3,500	3,510	3,490	3,500	3,500	0	1,500	3,510	3,490
Denmark (Oct 6 / Fri)									
Copenhagen	100	101	100	100	100	0	500	101	100
France (Oct 6 / Fri)									
Paris	3,500	3,510	3,490	3,500	3,500	0	1,500	3,510	3,490
Germany (Oct 6 / Fri)									
Frankfurt	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Greece (Oct 6 / Fri)									
Athens	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Italy (Oct 6 / Fri)									
Rome	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Netherlands (Oct 6 / Fri)									
Amsterdam	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Portugal (Oct 6 / Fri)									
Lisbon	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Spain (Oct 6 / Fri)									
Madrid	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Sweden (Oct 6 / Fri)									
Stockholm	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Switzerland (Oct 6 / Fri)									
Zurich	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Turkey (Oct 6 / Fri)									
Istanbul	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
United Kingdom (Oct 6 / Fri)									
London	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
USA (Oct 6 / Fri)									
New York	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Japan (Oct 6 / Fri)									
Tokyo	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
South Korea (Oct 6 / Fri)									
Seoul	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Taiwan (Oct 6 / Fri)									
Taipei	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Hong Kong (Oct 6 / Fri)									
Hong Kong	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Australia (Oct 6 / Fri)									
Sydney	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
New Zealand (Oct 6 / Fri)									
Auckland	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Africa (Oct 6 / Fri)									
Johannesburg	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Asia (Oct 6 / Fri)									
Bombay	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Latin America (Oct 6 / Fri)									
Sao Paulo	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590
Middle East (Oct 6 / Fri)									
Tel Aviv	1,600	1,610	1,590	1,600	1,600	0	1,200	1,610	1,590

**From outer space
to the
factory floor
Rockwell
leads the way**

Rockwell International Corporation
10000 Rockwell Drive
Rockwell, CA 92676
Tel: (949) 440-1000
Fax: (949) 440-1001

INDICES									
Index	High	Low	Open	Close	Change	Vol.	High	Low	Open
US INDICES									
Dow Jones	4,700	4,680	4,690	4,690	0	1,200	4,700	4,680	4,690
S&P 500	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
NASDAQ	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
EUROPEAN INDICES									
London	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
Paris	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
Frankfurt	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
ASIAN INDICES									
Tokyo	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
Seoul	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
Taipei	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
AFRICAN INDICES									
Johannesburg	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
LATIN AMERICAN INDICES									
Sao Paulo	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
Lima	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
MIDDLE EAST INDICES									
Tel Aviv	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
COMMODITIES									
Oil	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
Gold	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
CURRENCY EXCHANGES									
USD/GBP	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
USD/JPY	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
FUTURES									
Oil	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600
Gold	1,600	1,590	1,600	1,600	0	1,200	1,600	1,590	1,600

مكتبة الأهل

CURRENCIES AND MONEY

POUND SPOT FORWARD AGAINST THE POUND

	Closing	Change	Mid/offer	Day's	One month	Three months	One year	Bank
	mid-point	on day	spread	high	Rate	Rate	Rate	Eng. Index
Europe								
Austria (Sch)	15.8723	-0.0033	631	815	15.8750	15.8750	15.8750	107.1
Belgium (Bfr)	48.4512	-0.0001	222	002	48.4512	48.4512	48.4512	108.6
Denmark (Dkr)	6.7728	-0.0007	718	791	6.7728	6.7728	6.7728	110.2
France (Ffr)	6.5170	-0.0006	118	221	6.5170	6.5170	6.5170	86.1
Germany (Mk)	7.5278	-0.0007	515	305	7.5278	7.5278	7.5278	108.5
Greece (Dr)	2.2559	-0.0002	547	570	2.2559	2.2559	2.2559	112.3
Ireland (Ir)	3.7077	-0.0002	808	132	3.7077	3.7077	3.7077	87.2
Italy (Lit)	6.9616	-0.0004	808	324	6.9616	6.9616	6.9616	97.5
Japan (Yen)	255.79	+0.2	520	888	255.79	255.79	255.79	88.8
Luxembourg (Lfr)	45.4512	-0.0001	222	002	45.4512	45.4512	45.4512	108.6
Netherlands (Gld)	2.3304	-0.0001	808	324	2.3304	2.3304	2.3304	108.6
Norway (Nkr)	6.5170	-0.0006	118	221	6.5170	6.5170	6.5170	86.1
Portugal (Esc)	207.333	-0.0001	808	324	207.333	207.333	207.333	108.6
Spain (Pta)	165.800	-0.0001	808	324	165.800	165.800	165.800	108.6
Sweden (Skr)	11.1122	-0.0001	808	324	11.1122	11.1122	11.1122	108.6
Switzerland (Sfr)	1.9158	-0.0001	808	324	1.9158	1.9158	1.9158	108.6
UK	1.2315	-0.0002	309	320	1.2315	1.2315	1.2315	108.6
USA	1.5800	-0.0001	808	324	1.5800	1.5800	1.5800	108.6
Asia								
Argentina (Piso)	1.5800	-0.0001	808	324	1.5800	1.5800	1.5800	108.6
Brazil (R)	1.5800	-0.0001	808	324	1.5800	1.5800	1.5800	108.6
Canada (C)	2.1058	-0.0001	808	324	2.1058	2.1058	2.1058	108.6
China (Yuan)	10.3500	-0.0001	808	324	10.3500	10.3500	10.3500	108.6
India (Rupee)	1.5800	-0.0001	808	324	1.5800	1.5800	1.5800	108.6
Indonesia (Rp)	1.5800	-0.0001	808	324	1.5800	1.5800	1.5800	108.6
Japan (Yen)	1.5800	-0.0001	808	324	1.5800	1.5800	1.5800	108.6
Malaysia (RM)	1.5800	-0.0001	808	324	1.5800	1.5800	1.5800	108.6
Philippines (Piso)	1.5800	-0.0001	808	324	1.5800	1.5800	1.5800	108.6
Saudi Arabia (Riyal)	1.5800	-0.0001	808	324	1.5800	1.5800	1.5800	108.6
South Africa (Rand)	1.5800	-0.0001	808	324	1.5800	1.5800	1.5800	108.6
South Korea (Won)	1.5800	-0.0001	808	324	1.5800	1.5800	1.5800	108.6
Taiwan (Dollar)	1.5800	-0.0001	808	324	1.5800	1.5800	1.5800	108.6
Thailand (Baht)	1.5800	-0.0001	808	324	1.5800	1.5800	1.5800	108.6

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

	Closing	Change	Mid/offer	Day's	One month	Three months	One year	J.P. Morgan
	mid-point	on day	spread	high	Rate	Rate	Rate	Index
Europe								
Austria (Sch)	10.0404	-0.0002	361	446	10.0404	10.0404	10.0404	108.6
Belgium (Bfr)	29.3300	-0.0001	496	525	29.3300	29.3300	29.3300	108.6
Denmark (Dkr)	5.5515	-0.0001	496	525	5.5515	5.5515	5.5515	108.6
France (Ffr)	4.3122	-0.0001	496	525	4.3122	4.3122	4.3122	108.6
Germany (Mk)	5.0149	-0.0001	496	525	5.0149	5.0149	5.0149	108.6
Greece (Dr)	1.4270	-0.0001	496	525	1.4270	1.4270	1.4270	108.6
Ireland (Ir)	2.2485	-0.0001	496	525	2.2485	2.2485	2.2485	108.6
Italy (Lit)	1.8105	-0.0001	496	525	1.8105	1.8105	1.8105	108.6
Japan (Yen)	1.9173	-0.0001	496	525	1.9173	1.9173	1.9173	108.6
Luxembourg (Lfr)	29.3300	-0.0001	496	525	29.3300	29.3300	29.3300	108.6
Netherlands (Gld)	1.8105	-0.0001	496	525	1.8105	1.8105	1.8105	108.6
Norway (Nkr)	6.0305	-0.0001	496	525	6.0305	6.0305	6.0305	108.6
Portugal (Esc)	100.130	-0.0001	496	525	100.130	100.130	100.130	108.6
Spain (Pta)	123.750	-0.0001	496	525	123.750	123.750	123.750	108.6
Sweden (Skr)	7.2533	-0.0001	496	525	7.2533	7.2533	7.2533	108.6
Switzerland (Sfr)	1.1458	-0.0001	496	525	1.1458	1.1458	1.1458	108.6
UK	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6
USA	1.2838	-0.0001	496	525	1.2838	1.2838	1.2838	108.6
Asia								
Argentina (Piso)	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6
Brazil (R)	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6
Canada (C)	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6
China (Yuan)	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6
India (Rupee)	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6
Japan (Yen)	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6
Malaysia (RM)	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6
Philippines (Piso)	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6
Saudi Arabia (Riyal)	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6
South Africa (Rand)	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6
South Korea (Won)	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6
Taiwan (Dollar)	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6
Thailand (Baht)	1.5800	-0.0001	496	525	1.5800	1.5800	1.5800	108.6

WORLD INTEREST RATES

	Over	One	Three	Six	One	Long	Repo
	night	month	month	month	year	term	rate
Belgium	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50
week ago	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50
France	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50
week ago	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50
Germany	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50
week ago	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50
Italy	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50
week ago	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50
Japan	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50
week ago	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50
UK	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50
week ago	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50
USA	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50
week ago	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	4 1/2	3.50

CROSS RATES AND DERIVATIVES

CHANGE CROSS RATES												
	Oct 8	BP	DM	FF	DM	EC	LC	FR				
Bank of America	(BP)	100	18.89	17.06	4.856	2.114	5504	5.48				
Bank of Montreal	(DM)	58.58	19	8.035	2.571	1.118	2944	2.881				
Bank of New York	(FF)	50.60	11.07		2.646	1.239	3222	3.169				
Bank of Paris	(DM)	58.59	3.80	5.514		1.436		1.121				
Bank of Rome	(EC)	47.31	6.936	0.743	2.297	1	2604	2.576				
Bank of Tokyo	(LC)	1.4917	0.343	0.316	0.088	0.036		1.00	0.059			
Bank of Victoria	(FF)	18.36	3.488	8.134	0.992	3.388	1011	1				
Bank of West	(DM)	58.58	6.89	0.743	2.297	1.436	0.885	2.568				
Bank of Zurich	(FF)	58.58	3.699	3.341	0.961							
Bank of London	(DM)	23.75	4.466	4.059	1.193	0.502	1307	1.299				
Bank of London	(SW)	41.82	7.898	0.7136	2.091	0.894	2302	2.277				
Bank of London	(BP)	25.56	4.832	4.368	1.242	0.541	1409	1.380				
Bank of London	(FF)	25.56	4.64	6.775	7.992	3.298	0.962	2527	2.533			
Bank of London	(DM)	25.56	4.16	4.764	1.071	6.489	1214	1.221				
Bank of London	(LC)	29.30	5.550	5.015	1.427	0.821	1617	1.580				
Bank of London	(Y)	29.17	5.508	4.977	1.418	0.616	1605	1.586				
Bank of London	(S)	37.71	12.13	6.435	1.081	0.707	2075	2.054				

FT MANAGED FUNDS SERVICE

[illegible]

LONDON SHARE SERVICE

BANKS, MERCHANT

Company	Price	Change
Barclays Bank	125.00	+0.50
HSBC Bank	110.00	+0.25
London & Lancashire	105.00	+0.10
Midland Bank	100.00	+0.15
NatWest Bank	95.00	+0.20
Paragon Bank	90.00	+0.10
Prudential	85.00	+0.15
Royal Bank of Scotland	80.00	+0.10
Santander	75.00	+0.15
Windsor	70.00	+0.10

BANKS, RETAIL

Company	Price	Change
Bank of America	120.00	+0.50
Bank of England	115.00	+0.25
Bank of Ireland	110.00	+0.10
Bank of Montreal	105.00	+0.15
Bank of New York	100.00	+0.20
Bank of Paris	95.00	+0.10
Bank of Spain	90.00	+0.15
Bank of Tokyo	85.00	+0.10
Bank of West	80.00	+0.15
Bank of World	75.00	+0.10

BREWERS

Company	Price	Change
Adnams	120.00	+0.50
Beck's	115.00	+0.25
Carlsberg	110.00	+0.10
Guinness	105.00	+0.15
Heineken	100.00	+0.20
Kaiser Brewery	95.00	+0.10
Miller	90.00	+0.15
Orkla	85.00	+0.10
Pilsener	80.00	+0.15
Stout	75.00	+0.10

BUILDING & CONSTRUCTION

Company	Price	Change
AFI	120.00	+0.50
Alcon	115.00	+0.25
Anglo	110.00	+0.10
Arrol-Johnston	105.00	+0.15
Bechtel	100.00	+0.20
Bentley	95.00	+0.10
Bentley	90.00	+0.15
Bentley	85.00	+0.10
Bentley	80.00	+0.15
Bentley	75.00	+0.10

BUILDING MATS. & MERCHANTS

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

CHEMICALS

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

DISTRIBUTORS

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

DIVERSIFIED INDUSTRIALS

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

ELECTRICITY

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

ELECTRONIC & ELECTRICAL EQPT - Cont.

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

ENGINEERING

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

ELECTRONIC & ELECTRICAL EQPT

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

EXTRACTIVE INDUSTRIES

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

EXTRACTIVE INDUSTRIES - Cont.

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

FOOD PRODUCERS

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

GAS DISTRIBUTION

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

HEALTH CARE

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

HOUSEHOLD GOODS

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

HOUSEHOLD GOODS - Cont.

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

INSURANCE

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

INVESTMENT TRUSTS

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

INVESTMENT TRUSTS

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

INVESTMENT TRUSTS - Cont.

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

INVESTMENT TRUSTS

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

INVESTMENT TRUSTS

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

INVESTMENT TRUSTS

Company	Price	Change
Alcon	120.00	+0.50
Alcon	115.00	+0.25
Alcon	110.00	+0.10
Alcon	105.00	+0.15
Alcon	100.00	+0.20
Alcon	95.00	+0.10
Alcon	90.00	+0.15
Alcon	85.00	+0.10
Alcon	80.00	+0.15
Alcon	75.00	+0.10

مكتبة الأمل

LEISURE & HOTEL S

FT Share Service

The following changes have been made to the FT Share Information Service: Additions: Morrison East (Pig Craft), Media Bus (Media), Ann St Brewery Oad & Bigg (Brewery), C. J. G. (CJG), C. J. G. (CJG), Dean Corp., Europharmaceuticals, Parking Motors (TV), Linn Enterprises, Pac Media, Incometec Inc., Telecom Credit, Tread, Westmont Energy (AIM).

FT FIVE STAR RATING
You can obtain the current annual/interim report of any company online with * or + Please quote the code FT7865, Jan 0181 770 0770 (open 24 hours including weekends). The information will be sent at the next working day, subject to availability.

Both Annual Reports and FT Company Focus are available from the above number.

★ FT Company Focus

Comprehensive 10-14 page report available on this company, containing key FT shares from the last year, latest share price, dividend history, investment recommendations, 5 year financial and share price performance review, balance sheet and profits and loss data, plus recent Stock Exchange announcements for £3.45.
Call our toll free 0800 999 9999
Reports published by Sharefinder Ltd.

Have your
Financial Times

Financial Times

4. 2001 October

Stock	P/E	30	60	90	High	Low	Last	Chg	Stock	P/E	30	60	90	High	Low	Last	Chg	Stock	P/E	30	60	90	High	Low	Last	Chg
AKS Inc.	0.22	0.10	1.16	1.14	1.24	1.03	1.14	+	Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		
ACC Corp.	0.12	0.20	0.13	0.17	0.16	1.7	+	Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			
Accu-Tek	0.23	0.23	0.23	0.22	0.21	+		Accu-Tek	0.23	0.23	0.23	0.22	0.21	+			Accu-Tek	0.23	0.23	0.23	0.22	0.21</				

[illegible][illegible]

- D -										- K -														
DISC Cn	27	28	51	43	44	-3				Prizmati	265	2944	52	47	47	-3	WPP Group	0.04	19	288	4	4	4	+6
Dart Gwn	0.13	2	20	84	83	-3				Prize Cn	17	4822	17	17	17	+1	Wyman-Gain	0.40	48	248	13	12	12	-1
DateSwitch	13	224	4	8	4					Price Per	22	508	9	9	9									
										Prizmati	17	406	26	26	26	-1								

Date/Time	17 11:05	6 1/2	5 1/2	6 1/2	+0.6	Rosen Up	0.44	13	44	11 1/2	11 1/2	-1/2	Photo Ops	0.22	23	65	30	24 1/2	24 1/2	-1/2	-X-Y-Z-
Date/Time	20 20:26	2 1/2	2 1/2	20	+1 1/4	Rosen Up	0.80	14	1685	26	25 1/2	25 1/2	-1/2	Pyro	18	48 1/2	18 1/2	18	18 1/2	18 1/2	-1/2
Date/Time	1.00	12	6 1/2	27	27	Kelly Sr	0.11	46	31	41 1/2	11 1/2	11 1/2	-1/2	OLT Photo	8	10	8 1/2	6 1/2	6 1/2	6 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time	0.20	11	61	9 1/2	9 1/2	Kentucky	0.80	14	330	26 1/2	27 1/2	27 1/2	-1/2	QuakerChen	0.26	18	26 1/2	17 1/2	17 1/2	17 1/2	-1/2
Date/Time																					

DeLong	0.60	19	87	41 $\frac{1}{2}$	47 $\frac{1}{2}$	41 $\frac{1}{2}$	RCA Inst.	32	18271	41 $\frac{1}{2}$	38 $\frac{1}{2}$	38 $\frac{1}{2}$	+1	CAMARINE	129	13559	47 $\frac{1}{2}$	40 $\frac{1}{2}$	40 $\frac{1}{2}$	+2	Yellow	0.94	13	634	137 $\frac{1}{2}$	132 $\frac{1}{2}$	133 $\frac{1}{2}$	+4
Delchamps	0.44	5	24	18 $\frac{1}{2}$	16 $\frac{1}{2}$	18 $\frac{1}{2}$	Kell A	1	827	38	38	38	-4	Dial Food	0.20	15	252	20 $\frac{1}{2}$	20 $\frac{1}{2}$	20 $\frac{1}{2}$	+2	York Rich	.02	583	8 $\frac{1}{2}$	8	8 $\frac{1}{2}$	+4
Fall Creek	1.00	19	87	41 $\frac{1}{2}$	47 $\frac{1}{2}$	41 $\frac{1}{2}$	Kell B	1	827	38	38	38	-4	Quintone	261	14477	18 $\frac{1}{2}$	18 $\frac{1}{2}$	18 $\frac{1}{2}$	+2								

Don't Dump	10/1/10	64%	74%	80%	-2%	Normal	20/10/12	56%	57%	57%	+1%	Quadrant	20/10/12	10%	14%	16%	+1%	Zonal	1.40	12	534	u53	61%	62%	+1%	
Dmpty	0.30	16	1056	54%	33%	33%	-1%	Kelika 9	18	2245	33%	32	22	-1%	Quickly	19	444	26%	26%	25%	+2%					

TABLE 1. *Salmonella* serotypes isolated from the faeces of *Salmonella* infected mice

1. The first group of respondents (n = 10) was composed of individuals who had been involved in a romantic relationship for a minimum of 12 months and had been in the relationship for a minimum of 6 months. The second group (n = 10) was composed of individuals who had been involved in a romantic relationship for a minimum of 12 months and had been in the relationship for a minimum of 6 months. The third group (n = 10) was composed of individuals who had been involved in a romantic relationship for a minimum of 12 months and had been in the relationship for a minimum of 6 months. The fourth group (n = 10) was composed of individuals who had been involved in a romantic relationship for a minimum of 12 months and had been in the relationship for a minimum of 6 months. The fifth group (n = 10) was composed of individuals who had been involved in a romantic relationship for a minimum of 12 months and had been in the relationship for a minimum of 6 months. The sixth group (n = 10) was composed of individuals who had been involved in a romantic relationship for a minimum of 12 months and had been in the relationship for a minimum of 6 months. The seventh group (n = 10) was composed of individuals who had been involved in a romantic relationship for a minimum of 12 months and had been in the relationship for a minimum of 6 months. The eighth group (n = 10) was composed of individuals who had been involved in a romantic relationship for a minimum of 12 months and had been in the relationship for a minimum of 6 months. The ninth group (n = 10) was composed of individuals who had been involved in a romantic relationship for a minimum of 12 months and had been in the relationship for a minimum of 6 months. The tenth group (n = 10) was composed of individuals who had been involved in a romantic relationship for a minimum of 12 months and had been in the relationship for a minimum of 6 months.

FT GUIDE TO THE WEEK

MONDAY

9

Apec meeting in Tokyo

Officials of the Asia-Pacific Economic Co-operation forum begin a five-day high-level meeting in Tokyo, to prepare for the summit in November. They will try to iron out differences over a plan to drop all barriers to trade and investment between their members, who make up more than half the world economy, by 2020.

Japan, South Korea and China do not want to apply the free-trade accord to farming. The US, Canada and Australia, however, say there should be no exceptions and argue that making a special case for farming would only invite other demands for exemptions, with the risk that the whole plan could unravel.

Franco-Spanish summit

Spain will be looking for clarification of France's position on European monetary union in a two-day bilateral summit in Madrid. The Spanish worry that France may be taken aboard the single currency for political reasons, leaving southern EU countries out. Relations with Algeria and Morocco will also feature strongly in the discussions between the French president, Jacques Chirac, and the Spanish prime minister, Felipe Gonzalez.

Nobel prizes awarded

The big week in the annual round of Nobel prizes starts today (until Oct 13). In Stockholm with the award of the 1995 prize for medicine. Nobel watchers will be looking to see if last year's dominance in the academic disciplines of Americans and North American-based scientists is repeated. The prize-giving, which will also be for contributions to economics, chemistry and physics, will climax with the peace prize on Friday.

India auctions state groups

India's government relaunches its limited privatisation programme with an offer by auction of small stakes in four big state-owned corporations. Bidding for stakes in Mahanagar Telephone Nigam Limited, Oil and Natural Gas Corporation of India, Container Corporation of India and Steel Authority of India closes on October 20. The government is inviting bids for stakes of no less than Rs25,000 (\$740) from Indian and foreign financial institutions. Bombay analysts believe the auction could raise up to Rs10bn.

Euro-Arctic co-operation

A two-day meeting opens in Rovaniemi, northern Finland, of the Barents Euro-Arctic Council. Foreign ministers from Denmark, Finland, Iceland, Norway, Russia and Sweden, as well as officials from the European Commission, meet to discuss regional co-operation. High on the list of concerns are Russia's nuclear weapons and other installations in the Kola peninsula.

Trial starts in Kenya

Three men charged with assaulting leaders of the opposition political party



Conservatives gather in Blackpool for the annual Tory party conference.

Safina and journalists in the central Kenyan town of Nakuru on August 10 are to appear in a Nairobi court. Mohamed Halkano Boru, Patrick Ndungu Mugo and John Kauria arap Koskei are pleading not guilty to the carrying out the attack with whips. The Safina members and journalists had gone to Nakuru for the trial of leading dissident Koigi Wa Wamwere and others for attempted robbery. Last week, Mr Koigi was sentenced to four years imprisonment.

Gulf war compensation

The United Nations Compensation Commission meets in Geneva to consider nearly 230,000 claims worth \$771m from people forced to leave Kuwait or Iraq after Iraq's invasion of Kuwait. So long as Iraq refuses to sell oil on UN-dictated terms, however, there is no money to pay these claims.

FT Surveys

Colombia and Finland in the EU.

Holidays

Azerbaijan, Canada (Thanksgiving Day), Ecuador, Fiji, Israel, Uganda, US (Columbus Day).

TUESDAY 10

Bosnia ceasefire to begin

A ceasefire between the Bosnian government and the Serbs is to take effect on condition that gas and electricity supplies were restored to Sarajevo, the Bosnian capital. Under the deal, announced by the US president, Bill Clinton, the warring parties will end all

hostile military actions, with Bosnia, Croatia and Serbia attending peace talks later this month.

Focus on debt surveillance

The annual meetings of the International Monetary Fund and the World Bank start in Washington (until Oct 11). Key topics will be how the organisations should deal with the problem of multilateral debt and how surveillance should be conducted of national economic policies in the aftermath of the Mexico crisis. The IMF is planning to set standards for the economic and financial statistics that its members provide to the fund and the markets.

Tory conference opens

The Conservative party conference opens in Blackpool (until Oct 13), with John Major's government hoping to continue its fightback in the polls against the Labour party. However, a shadow has already been cast over it by the defection of Labour of a former education minister, Alan Howarth. Meanwhile, John Redwood, the former Welsh secretary who challenged Mr Major for the leadership, will make several appearances on the conference fringe.

Zedillo visits US

President Ernesto Zedillo of Mexico begins a state visit to Washington (until Oct 11). He is expected to announce the repayment of part of the \$20bn emergency US loan package that helped Mexico to avert default on its short-term foreign debt earlier this year.

Strike in France

Public sector unions will hold a one-day strike, affecting the civil service as well as transport and telecommunications. The

action by 5.5m employees is a protest against the government's plan to freeze public pay next year in a bid to reduce the budget deficit.

Chemical weapons check

A delegation from the Organisation for the Prohibition of Chemical Weapons arrives in Moscow to discuss the implementation of a 1992 convention banning such weapons. For many years the Soviet Union denied it possessed chemical weapons but when communist power crumbled in 1991 it was revealed the country possessed an extensive arsenal.

The chronic under-funding of large sections of the Russian military has led to fears about the safety of the remaining stockpiles and the destruction programme.

Frankfurt book fair

The 47th annual international book fair opens at Frankfurt (to Oct 15). This year's theme for the book fair, the world's largest, is Austria.

Holidays

Cuba, Japan, Kenya, Taiwan (National Day).

WEDNESDAY 11

MEPs vote on car spares

The European Parliament votes on controversial parliament amendments to draft legislation aimed at harmonising the design protection of car spare parts. The draft law has prompted a row between car spare parts dealers - who want minimum protection - and car manufacturers, who

want to protect spare parts from competition for as long as possible.

Saleroom

Christie's holds its annual sale of German and Austrian art in London. Last year it set eight world records. This year, fewer records are expected but most of the big names of 20th-century German art, including Emil Nolde, Alexej Jawlensky, Max Liebermann and Lovis Corinth, are represented, with a top price of about \$800,000 (\$1.26m) expected for a Nolde flower painting.

Also at Christie's, a gilded copper astrolabe that was made for the Duke of Parma around 1580 by the celebrated Erasmus Habermel of Prague should sell for nearly \$300,000 (\$750,000). Astrolabes were the computers of their age.

FT Surveys

FT Exporter (UK and continental Europe only).

Holidays

Macedonia.

THURSDAY 12

Anti-nuclear walk ends

A group of international anti-nuclear campaigners arrives in Moscow ending a 10-month protest walk. The campaigners have been calling for a nuclear-free world but seem likely to receive scant attention in Russia. Although Russia has condemned the resumption of French atom bomb tests in the Pacific, the government has shown no inclination to eliminate its still-extensive nuclear arsenal.

Green gathering

Britain's Green party holds its annual conference in Southport (until Oct 15). Weakened by splits and declining membership, the party has been in the political wilderness since its heyday in the late 1980s. However, membership has stabilised and party leaders hope to display a united front. The agenda includes calls for non-violent action against nuclear power and livestock exports.

Holidays

Spain (National Day), Brazil, Chile, Costa Rica, Ecuador, El Salvador, Honduras, Uruguay, and Venezuela have holidays to mark the discovery of America by Christopher Columbus.

FRIDAY 13

Queen on Teesside

The Queen opens the first phase of Samsung's £450m Wynyard Park electronics complex on Teesside in north east England. The complex, which will be Samsung's base for supplying Europe, is the biggest investment in Europe by a Korean company. Production began recently of microwave ovens and computer monitors, with other consumer electronics products to be added.

Albanian president in Italy

Sali Berisha, the president of Albania, starts an official visit to Italy (until Oct 15). Italian companies are the biggest investors in Albania, but relations are clouded by the Albanian government's reluctance to curb a flow of illegal immigrants across the Adriatic.

FT Surveys

International Standards and North-east England.

SATURDAY 14

Non-aligned in Colombia

Colombia hosts the eleventh summit of non-aligned nations (until October 20) and takes over the presidency of the movement for the next three years. According to the foreign ministry, 140 delegations and 52 heads of state have confirmed that they will be in Cartagena for the meeting, straining the city's facilities to the utmost. Neo-protectionist trade policies, human rights, drug trafficking, migration and the environment are some of the issues on the agenda, in the context of North-South inequalities and co-operation.

Digital TV satellite launch

The age of multi-channel digital television begins symbolically when SES of Luxembourg launches Europe's first all-digital television satellite. Using digital compression technology, when it becomes operational by the end of the year the satellite should be able to transmit about 120 channels over western Europe.

Three further SES digital satellites are to be launched within the next two years - one for back-up - taking the capacity of the system to about 500 digital channels. The SES launch is the latest of a growing trend towards television systems offering between 100 and 150 channels, which usually include near-video-on-demand.

SUNDAY 15

Referendum over Saddam

Iraqis have the novel opportunity of going to the polls today in a referendum for their next president. The only candidate, however, is Saddam Hussein, who has held the presidency since 1979. Nevertheless, the referendum to approve his re-election is the first such vote since the monarchy was toppled in 1958.

It is being interpreted as an attempt by Mr Saddam to widen his power base and justify his legitimacy following the defection in August to Jordan of his son-in-law, Hussein Kamel Hassan, who has vowed to work for the overthrow of Mr Saddam's regime.

Gaullist leadership election

Alain Juppé, the prime minister of France, is the sole candidate for the presidency of the ruling Gaullist RPR party, which is holding its elections in Chesy.

Compiled by Patrick Stiles and Simon Strong. Fax: (+44) (0)171 873 8194.

ECONOMIC DIARY

Statistics to be released this week

Day Released	Country	Economic Statistic	Median Forecast	Previous Actual	Day Released	Country	Economic Statistic	Median Forecast	Previous Actual
Mon	Japan	Aug mach orders, ex-power/ships*	-3.2%	-6.3%	UK	UK	Sep retail price index*	0.3%	0.5%
Oct 9	Japan	Aug mach orders, ex-power/ships**	0.2%	8.7%	UK	UK	Sep retail price index**	3.7%	3.6%
	UK	Sep producer price index input*	0.2%	0.1%	UK	UK	Ditto, ex-mortgage int payments**	3.0%	2.9%
	UK	Sep producer price index input**	7.8%	8.9%	UK	UK	Sep RPIY (ex-indirect taxes)*	2.5%	2.5%
	UK	Sep producer price index output*	0.2%	0.2%	Fri	US	Sep retail sales	0.4%	N/A
	UK	Sep producer price index output**	4.4%	4.4%	Oct 13	US	Sep retail sales ex-auto	0.5%	N/A
	UK	Sep PPI, ex-food, drink, tobacco**	4.8%	5.0%	US	US	Sep consumer price index	0.2%	0.1%
Tues	US	Johnson Redbook w/e Oct 7	-	1.4%	US	US	Ditto ex-food & energy	0.2%	0.2%
Oct 10	Canada	Aug motor vehicle sales*	7.9%	-5.7%	US	US	Oct Michigan sentiment prelim	-	88.9
	Canada	Sep housing starts, units	112,000	106,000	US	US	Sep real earnings	-	-0.9%
Wed	Spain	Sep consumer price index**	4.4%	4.3%	US	US	Sep bank credit	-	5.3%
Oct 11	Spain	Sep M4, annualised*	-	10.6%	US	US	Sep C&I loans	-	3.1%
	N'lands	Aug producer price index**	-	2.4%					
Thur	US	Sep producer price index	0.2%	-0.1%					
Oct 12	US	Ditto ex-food & energy	0.2%	0.1%					
	US	Initial claims w/e Oct 7	-	341,000		Germany	Aug retail sales, real**	-1.0%	-4.0%
	US	State benefits w/e Sep 30	-	2.62m		Germany	Aug retail sales**†	-	-2.0%
	US	Sep Atlanta Fed Index	-	1.8		Germany	Jul trade balance	DM6.5bn	DM6.5bn
	US	M2 w/e Oct 2	\$1.7bn	\$0.5bn		Germany	Jul current a/c	-DM4.0bn	-DM0.9bn
	US	Sep monthly M1	unch	-\$1.4bn		Germany	Aug capital a/c	-	-DM3.0bn
	US	Sep monthly M2	\$13.8bn	\$25.7bn		Germany	Aug industrial production, West*	-2.0%	4.0%
	US	Sep monthly M3	\$15.8bn	\$30.2bn		Germany	Aug manufacturing output, West*	-2.0%	4.3%
	France	Sep consumer price index prelim*	0.4%	0.4%		Germany	Aug orders, West*	-2.0%	4.6%
	France	Sep consumer price index prelim**	2.0%	1.9%		Germany	Sep Ini cost of living, pan-Germany*	-	0.1%
	France	July current a/c†	FF6.0bn	FF11.0bn		Germany	Sep Ini cost of living, pan-Germany**	-	1.7%

month on month, **year on year, †seasonally adjusted

Statistics, courtesy MMS International

*month on month, **year on year, †seasonally adjusted Statistics, courtesy MMS International.

Other economic news

Monday: As the annual meetings of the International Monetary Fund and World Bank get under way in Washington this week, economists will have a hatch of inflation data to watch. The markets expect these will point to a rise - albeit very modest - in inflation in some countries.

UK producer price figures are expected to show some easing in September.

Wednesday: In Spain, however, the consumer prices index is likely to have risen slightly in September.

Thursday: Sweden's consumer prices data are also likely to have shown a monthly rise, after falling back in August.

Meanwhile, French consumer price inflation is expected to have risen a little, to 2 per cent in September.

In the UK, analysts believe underlying inflation will rise to 3 per cent, partly because of rising food costs.

Friday: The US consumer price index may show relatively subdued price pressures.

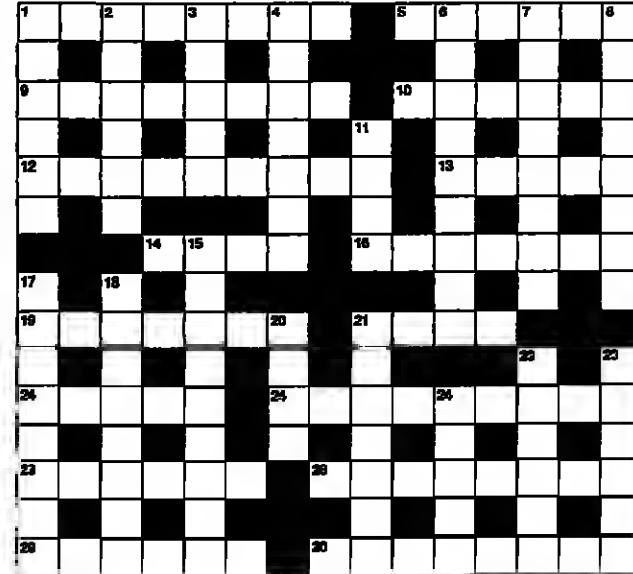
However, the cost of living index in Germany is likely to rise, although there may be fresh signs of weakness in the manufacturing and retail sectors.

ACROSS

- Brothers importing new wine for youth organisation (8)
- A fun beginning to get moderately good business (6)
- Radio set designed for space traveller (8)
- Church services for the pious? (6)
- Site hazel nuts, girl (9)
- Not moving yet (5)
- A fool is told off (4)
- Tried an odd form of part-exchange (6-2)
- Help band to go out marauding (7)
- Bird making rude noise (4)
- Stop and pass on (6)
- Region providing China with a rum problem (8)
- A feast for Tibetan priests - about the beginning of May (6)
- Weapon with which cat gets a bird? (4)
- Like Hamlet, holding back in ostentation (6)
- Writer's mark? Kant is in error (3,5)

DOWN

- Cup of malt liquor holding about a double (6)
- I doubt if novel offered more (6)
- Major opera by Bellini in Milan or Manchester (6)
- General going out without demanding attention (7)
- Standard-bearer laying paving stones by Welsh river (9)
- 14 suffered when attacked (8)
- Sound made when taking stock of others? (8)
- Bird talk (4)
- Examinations one entered with ten trained Asians (9)
- Spotty new clerk given a meal out (6)
- One who shoots over tree with the French chap (8)
- Plucky creatures hunted (4)
- Managed to continue building capital (7)
- A jolly girl in the fleet (6)
- Standard family cake (6)
- Very much out of shape (5)



MONDAY PRIZE CROSSWORD

No.8,887 Set by CINCINNUS

A prize of a Pelikan New Classic 380 fountain pen for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers will be awarded. Solutions by Thursday October 19, marked Monday Crossword 8,887 on the envelope, to the Financial Times, 1 Southwark Bridge, London SE1 9HL. Solution on Monday October 23. Please allow 28 days for delivery of prizes.

Name: _____ Address: _____

Winners 8,875

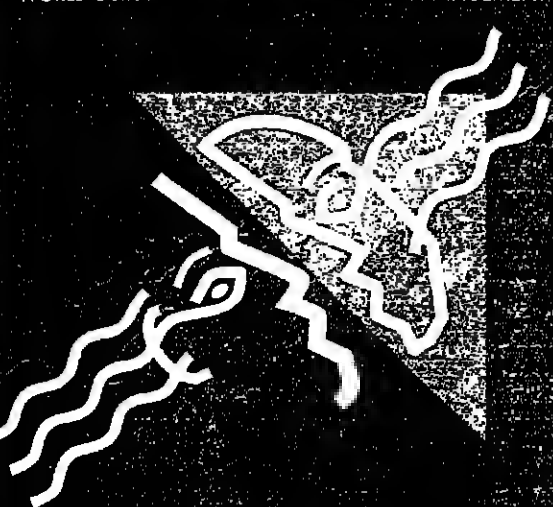
J.C. Towle, Sale, Cheshire
Dorothy Aldam, London SW4
A. Fog, Warwick
J. Matthey, Comberton, Cambridgeshire
W. Oldham, Salford, Milton Keynes
Jean Tarry, Hawkshaw, Lancashire

Solution 8,875

SWITCH REPORTER
O O O U R O
S O O W A T E R S
S E O L A A
R E A S O N E D L I T T E R
E T H S R A V Y
H A R D O P P O S E D
H Y P O T H E S I S
P O R T R A Y G I E E
A A R U R A A A
S A U T I E S C H O O M E R
R N B W E R T E R
O P E R A T E S D A M A S K
S K I T E O U T
S T E A L T H I V L Y V I S I O N

ONE SERVICE COVERS YOUR WORLD

TALKING Markets™
WORLD SOLUTIONS FOR EXPORT CREDIT MANAGEMENT



Imagine the value of a credit management service that gives you current intelligence on your export customers. Protects you with a policy tailored to reduce your exposure to risk. Gives you direct access to a decision maker who can help you realise your global vision. That's Talking Markets™. The choice of many of the UK's top exporters. Imagine it working for you.

ONE CALL TELLS YOU HOW

0500 301583

Call for your free information pack



TRADE INDENTITY

JOTTER PAD

هكذا من العمل

THIS WEEK

Who's afraid of the IGC?

DATELINE

Brussels: Game, set and match to Britain? Not quite. The big caveat is monetary union, writes Lionel Barber

Europe loves stereotypes. The rational French, masters of the arts of love, diplomacy, and the bonne cuisine. The pragmatic, puritan British, a nation of footsloggers with a petulant streak. The Germans, tortured souls, whose dream is to turn their country into a richer version of Switzerland.

The same stereotypes apply to the balance of power in the EU. Everything is supposedly subordinate to the Bonn-Paris axis which trades German economic strength for French political leadership. Britain must either accept surrender terms or face isolation in Europe.

Euro-philes and Euro-phobes share this fatalistic attitude. Expect the familiar broken record about power-hungry bureaucrats intent on creating a European super-state at this week's Conservative party conference in Blackpool. Back in Brussels, Sir Roy Denman, former EU ambassador in Washington, predicts gleefully Britain will remain out of the loop for a very long time because of its hostility to a single currency.

This all-or-nothing view of Britain's

prospects in Europe ignores just how fluid the debate about political and economic integration has become in member states. This is true of public opinion in Denmark, the Netherlands, and Sweden; but it is above all the case in France.

President Jacques Chirac is doing his damndest to disprove German claims that the nation state is an empty shell. His maverick behaviour on nuclear testing, border controls and basic diplomatic etiquette has sent the Germans into a funk, while senior European Commission officials have written off Chirac's first six months.

Viewed from Whitehall, the French decision to resume nuclear blasts looks too good to be true; so is the Nordic stampede towards condemnation. Britain has expressed solidarity towards a fellow nuclear power through virtual silence, while savouring the fact that President Chirac's actions underline how different

member states have different foreign policies which cannot be squeezed into an EU straitjacket.

France's position ahead of next year's intergovernmental conference (IGC) looks equally mouth-watering to the Foreign Office: more powers to national parliaments rather than the European Parliament to scrutinise EU legislation; a shift in voting weights towards the larger member states; a Gaullist determination to put the European Commission in its place when it comes to foreign policy; and a desire to wrap up the IGC well before the March 1998 parliamentary elections.

Yet no one in London is betting that a few flirtatious glances from Chirac signals

a fundamental shift in French policy.

Hence the efforts to cuddle up to Germany. Britain is playing on German angst about being Europe's paymaster to press for tighter curbs on EU spending, and they are pushing for a modified Common Agricultural Policy to pave the way for the Union to expand membership to central Europe, a strategic German priority.

On defence, the British are insisting that the Nato alliance - rather than an ill-defined European defence force - is the best guarantee of European security and a continuing US military presence. British prudence on defence is also geared towards the EU neutrals - Austria, Finland, Ireland,

and Sweden - who fear that they could be frogmarched into a future European army.

It all adds up to a do-nothing, or do-next-to-nothing IGC. But just in case Chancellor Kohl has other ideas, the British point out that any new Euro-treaty emerging from the IGC will require ratification in the member states. At least six countries - Austria, Denmark, Finland, France, Ireland, Sweden - are expected to hold referendums; Britain and Germany will insist on lengthy parliamentary scrutiny.

At best, the forecasts is for delay; at worst, a Danish-style upset as occurred during Maastricht ratification.

Game, set and match to Britain? Not quite. The big caveat is monetary union.

Even the most devious minds in Whitehall have grasped that if Emu goes ahead in 1999/88, all bets are off. To use a chess analogy, the French and Germans could decide to swap pieces rather than pawns at the IGC, resurrecting the French idea in

the Maastricht negotiations of trading joint control of the force de frappe with joint control of a Euro-currency. The British, who cannot make up their minds about Emu, risk, once again, being left on the side-lines.

All of which makes last weekend's meeting of EU finance ministers and central bankers on monetary union in Valencia even more interesting. According to the accounts of several present, Kenneth Clarke, chancellor, made a stunningly positive contribution in clearing away technical obstacles to the passage to a single currency. At one point, he out-argued Hans Tietmeyer, president of the Bundesbank, sending the French delegation swooning in admiration.

Emu may never happen. The economic obstacles are formidable, and the project is potentially divisive in the extreme. But Clarke has grasped an essential truth: the successful pursuit of British national interests depends on the degree of British involvement in Europe. To march home singing a tune of "Europe's going our way, but we're not going to play along anyway" is a recipe for failure.

FT GUIDE TO THE IMF

So the World Bank and International Monetary Fund are meeting in Washington this week. I have a rough idea of what the World Bank is for - helping poor countries get less poor - but what does the IMF do?

It depends who you ask. John Maynard Keynes, who helped invent the IMF at the 1944 Bretton Woods Conference, would say that it preserved the stability of the world financial system. The Fund, like so much of the so-called Bretton Woods System, is a child of the "never again" generation. In the 1930s, countries had responded to international balance of payments difficulties through trade wars and competitive devaluations, which then spiralled into a complete breakdown in world capital and goods markets. The IMF's job was to prevent this from recurring. It would promote international trade by overseeing a system of fixed, but adjustable, exchange rates and by encouraging wider current account convertibility. The rest would be trouble-shooting: trying to nip impending financial crises in the bud by providing very short-term, strings-attached loans to member countries who could not pay their import bills.

So much for the history. What does it do? That's a bit trickier. The trouble is that, 50 years on, its founding principles look a little, well, dated. The Bretton Woods system of fixed but adjustable exchange rates is long gone. Meanwhile, the liberalisation of world capital markets since the early-1970s means that developed countries, at least, can usually get all the liquidity they need from the private sector rather than the IMF.

Sounds like its job is over.

Don't let Michel Camdessus, the Fund's current director, hear you say that. He says that the last 15 years show that a "globalised" world financial system, with floating exchange rates, needs even more supervision. For instance, everyone would like to see more international monetary co-operation to prevent nasty swings in the value of major currencies. Who better to lead such a co-operation effort, asks Camdessus, than the IMF?

As for all those private sector lenders, where were they when the developing countries needed them in the early-1980s debt crises, or more recently when eastern Europe and the former Soviet Union needed support to underpin the early stages of economic reform? The IMF has busied itself lending to all these troubled groups of countries - on condition that they follow the Fund's economic prescriptions. Last year alone the Fund's loan commitments hit a record \$23bn (£14.8bn).

And I suppose there was Mexico... I was just coming to that. Another triumph, at least in Camdessus's book. Between them, he and the US treasury saved Mexico from an imminent default on its dollar-denominated debt in the wake of the December devaluation of the peso. Of course, the last-minute \$40-billion international loan package - \$17.8bn of it from the IMF - put a strain on the budget. All told, the loans to Mexico, Argentina, Russia and Ukraine have cut the Fund's liquidity by a quarter over the past financial year.

The lesson being?

That the IMF's surveillance and trouble-shooting abilities are badly needed in emerging markets. And that the IMF will need more resources to do either job effectively. At least, that is the view of Camdessus. In the next few years he would like members to agree another increase in the "quotas", or subscriptions, they pay in to the Fund. In the shorter term, he would like to increase its room for manoeuvre through a new issue of "special drawing rights" - the IMF's internal currency basket - or, failing that, an expansion of the General Arrangements to Borrow, the IMF's \$20bn credit line with some of the richer members.

Is he likely to get any of this new money? I don't get the impression that others are so enthusiastic. To put it mildly. No-one seems to think that the IMF could make a better hash of smoothing exchange rate movements among the main industrial countries than the governments themselves. As for all that lending during the 1980s and early-1990s - well, some of the larger shareholders are not sure it was such a good idea. Many of the poorest countries were not in a fit state to pay back their loans - they simply exchanged one kind of debt crisis for another. The IMF has moved to making longer term, "structural adjustment" loans. But that just gets it into World Bank territory, argue many economists.

What about future Mexicoes? There are fewer worries about using the IMF to try to prevent and, possibly, manage

future emerging market crises. But hardly any of the members think that Mexico provides a model for the future. A better early warning system, for one thing, might have been desirable. And most doubt whether the IMF could have halted investors on such a grand scale in any other emerging market - indeed, whether this would even be desirable, given it might simply encourage a wave of "no fault" lending to uncreditworthy countries.

Are we going to see a showdown this week between Camdessus and the major shareholders over the IMF's future? Nothing so glamorous. The Board has agreed a new set of standards governing the quality of member countries' statistics, which the members will trumpet as a guard against Mexican-style surprises. On the funding side, for the moment at least, Camdessus is keeping quiet on the subject of new SDR issue, and he is not likely to get much further towards an increase in members' quotas. But an expansion in the GAB does seem to be on the cards - the only possible glitch would be disagreements over who should contribute, and on what terms. As for the rest of the Bretton Woods' Golden Anniversary agenda, it will be smiles all round, and much talk of "work in progress".

Business as usual, then. Makes you wonder how Keynes et al managed to get the whole thing started in the space of one conference. The mind boggles.

Stephanie Flanders

PEOPLE



Derek Roberts (right) and David Anderson who takes over the top job next April. Picture: Joan Russell/Guzelian

Independent Yorkshire

Alison Smith on the society's strategy and hierarchy

Yorkshire Building Society is determined not to join the increasing rush by societies to become banks. If it succeeds, it will be largely down to the determination of Derek Roberts, its chief executive since 1987, to defend its existing brand.

"We could not be Yorkshire Bank, because there is one already, we would not be allowed to be Yorkshire Building Society plc, and it is inconceivable we could simply be Yorkshire plc," is his line.

Last week Roberts underpinned the strategy of the UK's tenth largest building society to remain independent and mutual - owned by its savers and borrowers rather than a separate class of institutional shareholders. He announced that from next year it would no longer seek to increase its reserve ratio, and would return surplus profits to customers by offering keener rates.

Just two days later, Roberts produced his second surprise: the news that he would stand down as chief executive at the end of April next year and would be succeeded by David Anderson, head of corporate development.

In both cases, the surprise was in the timing and detail rather than the decision itself. Yorkshire had trailed the idea that it would provide specific benefits for members, and Anderson (39) had been a prospective chief executive since he joined in 1987 from PA Management Consultants.

Any lingering doubts about whether he was the heir apparent were dispelled this spring when he spent three months at earl Roberts had done some years earlier. Roberts says he decided to start as a chief executive although at 32 he could well have continued for

some years, because he strongly believes no one should stay in a position of leadership for more than 10 years.

"In large organisations, the system starts to anticipate the thinking of the one at the top, and this can hold back creative thinking," he says. "I often cite Mrs Thatcher as a case in point."

By setting the change of direction before his impending departure - though he will return as non-executive chairman in 1997 - Roberts has left his mark on the society for some period after he goes. But it is Anderson's strategy too.

He does not envisage vast differences at the Yorkshire once he takes over. "Our new vision for the future means that some of the measures of success have changed and that means that reward systems throughout the society will have to change."

"The formula here has worked pretty well, and I want to keep the tight control and attention to detail that we have," he says, "but the style may be less formal."

That formula has worked well enough for Yorkshire to be able to hold out to members the prospects of continuing benefits from remaining mutual that some other societies with the same aim may well envy. Customers are much more aware than they used to be of the handout worth a few hundred pounds that is an offer when a society becomes a plc.

Yorkshire is offering them a cut of 0.14 percentage points in the society's mortgage rate to 7.55 per cent, and an increase to a minimum of 2.75 per cent on its savings accounts, no matter how low the balances.

The £20m (\$31m) Yorkshire scheme will cost next year is avail-

able not just - or perhaps at all - because the society does not have to pay dividends, but because its expenses to assets ratio is one of the lowest of the larger societies and it has a strong balance sheet.

This sound financial position has won the Yorkshire respect from its rivals, but some competitors are not persuaded by its strategy of concentrating on the core business when the home loans market is both so flat and so competitive.

Undeterred, the society took a further step in pursuing that focus last month, when it announced it would cease selling financial services because the cost of giving independent advice was too high.

Ironically, Roberts had come from Royal Insurance to the Yorkshire's predecessor in 1972 because he saw the opportunity for the society in selling endowment mortgages. Equally, he left Royal, he says, "because I couldn't stand working with actuaries - who are full of brains but as a general rule do not have much common sense."

Roberts acknowledges that the mortgage market is a mature one, but says it will be there for the foreseeable future and the society can win a bigger share by offering competitive rates.

He talks about the need to communicate to customers that these better rates flow from the society's remaining mutually-owned, but is not so attached to the concept of mutuality that he envisages the survival of smaller, inefficient societies.

"In my view, the 'niche' for local societies that people have talked about does not exist," he says. He looks likely to leave the Yorkshire better-placed than many mortgage lenders to weather the chill winds of competition out in the open.

NAMES IN THE NEWS

Greenberg pops back up where he started from

Jeffrey Greenberg, bearer of the most famous surname in US insurance, re-emerged last week - at Marsh & McLennan, where he began his career, writes Richard Waters in New York.

Until his surprise resignation in June, Greenberg had seemed destined to succeed his father, "Hank" Greenberg, the legendary chairman of American International Group. Now 70, the elder Greenberg's firm grip on AIG shows no signs of loosening.

The younger Greenberg, 44, remains coy about his split with his father, though he insists they did not fall out. Of his move, he will only say: "I considered it for a long period of time. It was not a decision I took lightly."

At Marsh & McLennan Risk Capital, an arm of the US broking and financial services group, Greenberg is likely to be in one of the more exciting corners of the insurance world over the next couple of years. The company, which controls two investment funds, has around \$900m (\$562m) on hand to back its view that now is a good time to buy or start up insurance ventures.

Greenberg's skills are a timely addition. As a former head of AIG's property/casualty business in the US, he brings knowledge and management experience about one of the most troubled areas of the insurance markets. It is here where many of the buy-out opportunities are likely to arise - as insurance giant Aetna attested a week ago when it said it may sell its own property/casualty unit.

Robert Clements, the head of Marsh & McLennan Risk Capital, refuses to say whether he has his eye on Aetna. But he adds: "Aetna is the kind of insurance company that Jeff Greenberg's background and skills suit us for."

Prada benefits from musical chairs

Eyebrows were raised in Paris last week by three senior job changes - which appeared to be closely linked - in the financial parts of the French administration, writes Andrew Jack in Paris.

In one development, Michel

Prada, currently chairman of the Cédex d'Équipement des PME, a state-backed institution providing loans to small and medium-sized companies, took the job of chairman of the Commission des Opérations de Bourse (COB), the markets watchdog.

But the COB move appears closely related to a swap in two other positions: that of the director of the French treasury, the other being the head of the private office of Jean Arthuis, the finance and economics minister.

Arthuis took over his job in place of Alain Madelin, the outspoken economic liberal who was forced to resign in August by Alain Juppé, the prime minister. In doing so, Arthuis was succeeded by Jean Lemierre, a directeur de cabinet with whom he was suspected to have had serious disagreements.

It appears that Arthuis wished to move Lemierre to the chair of the COB at the end of the six-year non-renewable term of Jean Saint-Geours, which falls this month. The appointment of Prada to the COB has prevented that, but Arthuis nevertheless seems to have got his way, with Lemierre taking the place of Christian Noyer as head of the treasury, while Noyer gets Lemierre's old - and rather less prestigious - job.

Levene smooths the way for Reichmann

When Sir Peter Levene took over as chairman and chief executive of Canary Wharf two years ago, he arrived with a reputation for tough talking and not being afraid to ruffle feathers, writes Simon London.

These attributes must have attracted the banks which offered him the job. The large office development in London's docklands had only just emerged from administration. The majority of the space was empty. Canary Wharf had become a byword for the worst excesses of the property market.

The change in fortunes and public perceptions of Canary Wharf - culminating in its \$500m acquisition last week by a consortium led by Paul Reichmann, the Canadian who masterminded its development - owes a lot to Sir Peter's presence.

His promotion of Canary Wharf to potential tenants is, by all accounts, formidable. He has also mounted a robust public relations campaign against the wide perception of the place as wind-swept and remote.

Although he played little part in the negotiations between the banks and the Reichmann consortium, the signs are that Canary Wharf's new owners recognise Sir Peter's contribution. Nothing will be decided until the acquisition is completed in December, but he is likely to remain in place, along with the rest of the management team.

His services do not come cheap. Canary Wharf's last published accounts show that he drew a total emolument of £536,000 in the year to October 1994.



Neon lights: Jacob Tierney, Gena Rowlands and Diana Scarwid

FILM/VIDEO

Despite rumours that slave trafficking is dead, dozens of British actors and directors seem to be kidnapped each year and taken to America. How else explain films like *The Neon Bible* and the Ben Kingsley-starring creature feature *Species*?

The latter bristles with shrieks and special FX. Girl escapes top-secret Utah laboratory run by Mr K and finds herself turning into - but we cannot reveal the secret. We can only say that it is no more disturbing than the sight and sound of ex-Shakespearean Kingsley turning into a drawing midwestern scientist.

More shocking still, if oddly hypnotic, is *The Neon Bible*. Director Terence Davies made two dazzling childhood self-portraits set in Liverpool, *Distances*, *Still Lives* and *The Long Day Closes*. Soon after, he must have been slung in the back of a sailing ship to make this transplanted memory movie about an Alabama childhood, based on John Kennedy Toole's autobiographical novel. There are lashings of visual

poetry, from star-speckled skies to ghost-like trees to a camera subtly swooping around the cast, led by resplendent Gena Rowlands. But this *Deep South* is finally a little over-precious and over-Gothicized: it seems the product of a gifted tourist's eye rather than an insider's perception.

Best turn to the revivalist events. Sam Peckinpah's *The Wild Bunch* - the last great Western, made by Americans, about Americans, for the whole world - opens in a 2½ hour version. And the Barbican's important new African season sweeps across a continent's cinema from A for Algeria to Z for Zaïre.

The week's best video releases are golden and olden. Louis Malle's *Atlantic City* (1980) has love, death and Burt Lancaster. Bette Davis in *All About Eve* (1950) redefined high wit and high camp for a generation. And Antoinette's *The Eclipse* (1962) has the most extraordinary ending - experience it for yourself - in modern cinema.

Nigel Andrews



Species: Whip Hubley kisses Natasha Henstridge. She then turns out to be a deadly alien lifeform and grabs him

MUSIC

It was inevitable, in the light of the Three Tenors syndrome, that opera's next bright hope would bear the dubious distinction of being hailed as the Fourth Man. Roberto Alagna, French-born of Sicilian parents, is currently the most convincing claimant to the title. *Popular Tenor Arias* (EMI) is a light work-out which reveals little we don't know already: that his elegant voice can handle the standard repertoire with smooth distinction, and that it is best heard in Alagna's native language.

Bizet's "La fleur que tu m'avais jetée" is deliciously sung.

Going down an octave or two, Bryn Terfel is fast becoming the First Man of the bass-baritone repertoire. Not yet 30, he shows an extraordinary interpretative maturity in *Impressions*, a new collection of arias and Lieder on

Deutsche Grammophon. Terfel is equally at ease with Mahler's *Kindertotenlieder* as with the arias from *The Marriage of Figaro* which open the record. Schubert, Wagner and Vaughan Williams also get an airing on this fine disc.

The Artist Who Formerly Made Great Records, therefore Prince, has made a partial return to form with *The Love Experience* (Warner Brothers). There is no breaking of new boundaries, but plenty of solid funk and the usual mix of aren't-I-naughty soft-porn lyrics and sickly sentimentalism, as on the turgid single "The Most Beautiful Girl in the World". He is going to have to do better to match the influence he had in the 1980s, but the rot has stopped, at least.

Peter Aspdon

MANAGEMENT

Peter Marsh describes how a company reinvented its culture to create a range of furniture suitable for flexible working

Turning the tables in office design



How does an ugly duckling of the industrial world turn into a swan? The question cropped up for President, a UK-based, Danish-owned office furniture company, after it decided five years ago to reshape its production operations and commit itself to a new culture of design.

"President was a worthy, middle-of-the-road company willing to undergo a revolution," says Ben Fether, director of FM Design, a design consultancy which worked with President on the scheme and whose earlier design projects have ranged from trains for SNCF, the French rail operator, to children's bookers for Premark, the US company that sells Tupperware.

In a project that has a host of lessons for other medium-sized companies set on radical changes, President spent \$9m altering its factory and designing a range of furniture called Kyo that fits in with the switch to flexible office working and use of new technologies.

President is part of the Scandinavian furniture group which owns companies in Germany, France, the Netherlands, Denmark and the Czech Republic, with annual sales of about \$200m.

Fether says President's feat in developing Kyo was all the more impressive for it having had "no track record" in design. "It's amazing that they have adapted in one leap," he says.

The Hertfordshire-based company has done this with no significant management changes, but with the aid of four UK sub-contracting "partners" which have introduced President to the skills in plastics and metal forming which it needed for the new family of furniture.

Only now going into volume production, Kyo has won plaudits from the \$8bn-a-year (\$50n) office furniture industry in the US - which President thinks is the biggest potential market for the product.

According to Grant Seltzer, proprietor of Jules Seltzer, an office furniture dealer in Los Angeles, in designing Kyo the UK company has snatched an important design lead on much bigger US furniture companies such as Herman Miller, Steelcase and Haworth.

"A lot of office design companies have paid lip service to the new concepts [of flexible working] but Kyo has gone a stage further," says Steve Marnoy, president of Office Pavilion, a furniture showroom in Houston, Texas.

Jules Seltzer and Office Pavilion are among 10 dealers around the US that President has signed up to sell Kyo after a marketing blitz this spring.

President believes that Kyo could help it during the next five years to double its \$25m-a-year turnover, with most of the growth coming from exports - which now account for only about 5 per cent of President's sales.

Behind Kyo's development was President's analysis of its own design and production weaknesses, and its interest in coming up with a new product that combined stylish design with addressing the needs of modern office workers.

"We realised a lot of our products were static. The world was changing and we couldn't rely on our old way of doing things," says John Sacks, President's managing director, who has been with the company for 28 years. The programme that emerged

had four main parts, the most important of which concerned the design for Kyo - which is Japanese for "today".

According to David Barker, President's chief designer, in the UK companies spend £1bn a year - 50 per cent more than their total capital outlay on office furniture - in moving desks, tables and screens around to suit changes in office layout. The figure is likely to grow as more companies shift to flexible work patterns - involving frequent switching of managers between different jobs and interaction with teams of workers assembled for short periods for specific tasks.

"We saw there was an opportunity to do something radical and at the same time fit the needs of the market," says Colin Watson, President's marketing director.

Fitting this design specification, Kyo is a "modular" array of 35 desks, tables, office screens, filing units and cupboards. Layouts can be changed within minutes to suit a range of office patterns. For instance, the storage units are made largely of plastic and can fold up like concertinas for transportation into lifts and to different parts of a building.

The different pieces of furniture have special features - such as

adjustable metal legs for tables and desks, and plastic conduits for electric cables - to make them suited to open-plan offices in companies in fast-moving areas such as research and development, consultancy or advertising where staff are continually shifting focus.

The takeover of President (along with the rest of Arenson, a UK-based furniture company which owned it) by Scandinavian in 1987 was an important backdrop to the Kyo project. As part of the Danish group, President gained access, for the first time, to new production and design ideas from continental Europe.

In 1990, in an exercise that led ultimately to Kyo and can be thought of as the start of the project, President collaborated with its Scandinavian sister companies in a joint design exercise aimed at creating a pan-European furniture range. Even though this petered out in the early 1990s, some of the European design ideas have lived on in the Kyo style - contributing to the sleek "Scandinavian" look which contrasts with conventional heavy-looking UK office furniture. Total costs of developing Kyo, including tooling and marketing, are put at \$2m.

A second part of the Kyo develop-

ment involved enlisting suppliers to help with the new materials in Kyo. In President's five or so conventional furniture ranges, up to 90 per cent of the components are wood. For Kyo, the figure is about 15 per cent, with the rest being mainly metal and plastic.

The four "Kyo partners" with which President formed special relationships have not just provided parts for Kyo but helped with the design - aided by their experience in a range of other industries.

"They [President] listened to us early enough to avoid some potential design pitfalls," says John Newbold, sales manager at Taylor Engineering and Plastics, of Rochdale, Lancashire - a Kyo partner which makes most of the plastic parts for the cupboards and other storage parts of the range. Taylor's main activity is making plastic banking terminals for AT&T, the US telecommunications company.

Calum McPherson, managing director of Ayr-based Johnstone Castings and Engineering, a Kyo partner which is supplying specialist metal castings for the furniture, praises President for the "open-mindedness" with which it embraced new production ideas. President capitalised on Johnstone's skills in making components for goods as

diverse as hi-fi systems, fork-lift trucks and lighting.

The furniture company also picked up ideas from Huntingdon-based RGE Engineering, a plastics specialist which makes parts for Hotpoint washing machines. The fourth supplier - and the only one which made parts for President prior to two years ago - was Steelware Products, which is in Bodmin, Cornwall, and makes metal frames for the tables and similar products in the Kyo family.

A third important aspect to the Kyo programme was the company's revamp of its St Albans factory, helped by a review by PA management consultants. Increases in production efficiencies were vital for the company to gain the maximum commercial benefits from the Kyo design.

Since 1990, the company has spent £7m on new production equipment, including computer controlled machines, and re-thought its production processes. President now takes an average of two minutes to switch a machine tool to cut or otherwise shape a piece of wood, rather than 45 minutes five years ago. The extra flexibility this provides - with similar changes in assembly operations - means President has cut its inventory of unsold

products and stocks, and can react more quickly to customers' demands. Today it despatches a typical order in two weeks, rather than four months in 1990.

The fourth element was President's setting up this year in Texas of a wholly-owned US subsidiary, Kyn Corporation, headed by Craig Mayer, a former executive with Hon Industries, a big US furniture company. Mayer was recruited after he visited the UK to view Kyn. "Although I hadn't expected very much, the design was a revelation; I was bitten by the Kyn bug," Mayer says.

Even though President is highly optimistic about Kyo, some problems lie ahead - particularly on sales and marketing. As well as the US it sees the rest of Europe - particularly Germany, which accounts for about a fifth of the \$8bn a year European office furniture market - as another important place to sell Kyo.

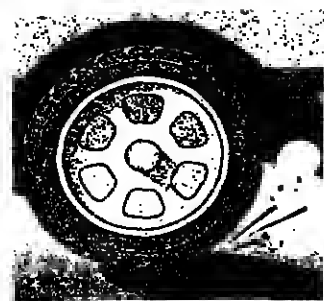
In theory, the easiest way to set up a marketing network through continental Europe would be to interest the other Scandinavian companies in selling Kyo. But none of the other companies, notably Vario in Germany, Labofa in Denmark and Vinco in France, has been keen.

Rainer Albrecht, Vario's sales manager, says he has "no plans" to sell Kyo. "John Sacks has done a good job with Kyo but we have four other ranges of furniture to sell," he adds. Sacks says: "The other [Scandinavian] companies are run by people who think their own products are the best." The lack of co-operation means that, for Kyo to make progress on the Continent, President will have to establish its own marketing arrangements, which will take time and money.

A second problem concerns whether President can master the necessary marketing knowledge to sell the product to businesses in relatively new industries in areas such as advertising and consultancy which are seen as the main potential customers for Kyo. "Selling to these kinds of businesses requires skills where President has still to prove itself," says Jonathan Reed-Lethbridge, a furniture expert at DEGW, a London architectural consultancy.

Third, there are specific question marks over the company's plans for the US. Here President faces formidable competition from much bigger companies, such as Herman Miller, which are expected soon to come out with their own designs for "flexible" office furniture. Also, it has to contend with the logistical problems of shipping assembled furniture from the UK to a warehouse on the US's east coast and from there to customers around the country. Michael Wolf, editor of *Monday Morning Quarterback*, a Chicago-based newsletter for the US furniture trade, cautions: "Lots of European companies have tried to take a slice out of the US market and ended up with arrows in the backside."

Mayer, however, remains confident that, after a tour of 35 potential customers around the US earlier this year to show prototype designs, "customer interest is very high". He says that - looking to the possibility of US sales taking off - President is even talking about the potential for setting up assembly operations for Kyn in North America in the next few years.



FAST TRACK

Polar Electro

You can tell Seppo Säynäjäkangas is serious about his company's growth.

When he presents a five-year profits profile of Polar Electro it is a look forward from 1995 not backwards. And his slide show manages to include the names of all the world's most famous brands - company he clearly aspires to join one day.

If this sets your heart racing, Säynäjäkangas has just the thing for you. His Finnish company is the world's leading manufacturer of heart rate monitors for athletes, fitness fanatics, weight watchers and stress sufferers. It has sales in 40 countries and an estimated world market share of 80 per cent.

The professor is a rare Nordic combination of academic, entrepreneur and self-made man and the name of his company aptly combines a sense of its location on the edge of the Arctic circle with a flavour of its business concept.

He had the idea for the heart monitor whilst skiing in 1976, basing the project on knowledge he acquired during years of research and development at the electronics faculty of Finland's Oulu university. Polar Electro was founded in 1977, and the professor is the majority shareholder and chairman.

The monitor consists of two parts: a heart rate transmitter worn on a belt around the chest and a watch-like monitor worn on the wrist. Initially, the pitch was to professional athletes, but it has been broadened to include joggers, mountaineers, dancers - indeed anyone who exercises - and cares about its impact on them. The two main customer groups are 15- to 20-year-olds and 30- to 50-year-olds.

Säynäjäkangas says the main challenge is to convince people that his devices are tools to monitor and maintain health. Hence the marketing emphasis is on "wellness" not just fitness. The aim is eventually to develop new products capable, for example, of monitoring blood pressure.

Säynäjäkangas says: "A big change is under way. We don't have the money to invest more in hospitals. In future people will have to take care of themselves."

The heart monitoring business has grown by 50 to 60 per cent a year over the last 10 years, and is the biggest contributor to expected annual turnover of around FM550m (\$81m) in 1995, double last year's FM270m.

The group is also building up its operations in other areas - including mass transport and data communications - in an attempt to exploit its wireless expertise more fully. It has a total of 10 subsidiaries and six partly owned companies and employs 600 people. One promising prospect is Bascom, a company specialising in a smart card-based fare collection system on buses.

Heart monitoring will be the main growth area, at least in the next five years. The aim is to push the company's turnover through the FM1bn mark in 1997 and past FM2bn in 1999. If these targets are met, they will not be the only testament to Säynäjäkangas's success. He has been made the first professor of entrepreneurship at Oulu University in the hope that he can encourage others to follow his example.

Christopher Brown-Humes

Bad case of telephone gambling

Now that the OJ Simpson trial is over, I have been seeking diversion in the reports of the rather more arcane case of *Bankers Trust vs Procter & Gamble*. Last week the story hotted up with the release of recorded phone conversations in the dealing room. "What a bank can do [for its clients] is get in the middle and rip them off," said one trader. "Funny business you know - lure people in that calm and then just totally f--- them," another replied.

These remarks look bad: very bad indeed. Yet anyone who has ever worked in a bank dealing room will tell you that a milder version of this sort of thing goes on all the time. Traders are encouraged to make as much money as they can. It is part of their skill to know how much profit they can make out of each client or, to put it another way, how much they can rip them off without losing their custom.

Being loud-mouthed sort of people, they tend to exaggerate and boast about what they have done. Most of

this stops far short of the kind of cheating, lying and exploitation of which P&G has accused Bankers Trust, but there are similarities.

When I worked for a bank 13 years ago leveraged derivatives did not exist, so there was no question of whether the corporate client understood what it was buying. Instead, we made it our business to know which clients had Reuters screens, and which were likely to be seeking simultaneous quotes from other banks. We then pitched our price accordingly. This also sounds bad, but I wonder if it is really any worse than what is grandly known as differential pricing.

To the outsider it might also seem staggering that senior traders were so bone-headed as to talk in that way on the phone when they knew that every word was being recorded. Yet in practice the tapes are seldom listened to, so it is easy to become careless.

I remember an awful day when a dispute arose with a client over the price at which a deal had been

struck, and all the phone tapes for that afternoon were to be examined. I was horrified as I had spent the slack hours of which there were many in idle gossip with friends. I need not have worried; the recording equipment was so primitive that there was no way of knowing who was talking or what they were saying, let alone what prices they were dealing at.

Thirteen years is an eternity in dealing room history. Nowadays, the sums are greater, the business infinitely more complex and the phones work. But the BT tapes show the culture is still the same: the other party is a creep and you

are the master of the universe.

I have just received a fax from a consultant acquaintance telling me about an experience he has recently had in a French hotel. Relaxing in his room after a trying day of meetings, he helped himself to a beer from the minibar, only to discover that the bottle was full of water.

When he complained, a weary hotel manager said it happens all the time. Hotel guests - most of whom are business travellers - have discovered a way of beating the system. They take the lid off carefully,

drink the beer, fill it up from the tap, and put it back in the minibar.

I am not sure what to make of this trend. Could it be that businesses are so strapped for cash they are no longer paying the minibar bills of their staff? Even so, it is hard to believe that businessmen (businesswomen would surely never do such a thing) can't afford to pay for their own beer.

Hoping for enlightenment, I have looked up a survey on business morality in the latest issue of *Versures* magazine. It does not specifically mention beer bottles, but shows a mass willingness to cheat, at least in certain areas. If the survey is to be believed, some 53 per cent of people running small businesses would deceive insurance companies, and a similar number would lie to bank managers in order to get a loan. Yet these people are not out-and-out wicked - most would take a 10 per cent pay cut themselves in order to save employees' jobs, and would also lead an employee £1,000 to stop their house

being repossessed.

However, the most revealing part is their attitude towards Monopoly, at which many confess to being rampant swindlers. This shows imagination and initiative. I had always thought the board game Monopoly depended on the throw of the dice, and that sort of stealing money from the bank cheating was impossible. But then I did not think you could put the lid back on a beer bottle either.

Further to my piece last week on overwork, a consultant has written to me complaining that I missed the point. The problem is not the number of hours worked, he said, but that people do not understand the value adding process. To clarify this insight he included a diagram consisting of a large square bearing the words Reactive Zone with a smaller square inside saying Add Value Zone. Everything is clear now. I stand corrected.

Mondial House, 1 Scarbrook Road, Croydon CR0 1SQ

MONDIAL ASSISTANCE

your customers mean the world to us

They mean so much we can give them total assistance 24 hours a day, 365 days a year. The benefits of Mondial's substantial resources and comprehensive worldwide coverage are immeasurable and seamless. Our experience covers medical, legal, motoring, financial, insurance and travel markets. Tailor-made customer care services can be administered on your behalf and branded in your company's name. Practical solutions to real problems. Worldwide. Show your customers how much they mean to you, call Ailsa Macdonald on (+44) 0181 681 2525.

هكذا من الأهل

BUSINESS EDUCATION

Individuals must take responsibility for their careers, says Tim Dickson

Seize the initiative

If you're waiting for a friendly call from personnel or human resources inviting you to sign up for the next management course, forget it.

The move to "life-long learning" may be gathering pace as companies seek to develop appropriate competences, more "soft" skills and effective team working in their staff. But individuals and line managers are increasingly expected to take the initiative and to decide when and where it should happen themselves.

Striking new evidence about this process has just been provided by Cranfield University's School of Management. The school surveyed more than 200 participants from "open" management programmes it ran in October and November last year and found that 70 per cent of delegates were involved in choosing the course themselves; 22 per cent did so without recourse to anyone else. The purchasing decision was ultimately approved by the individual's line manager in 35 per cent of cases, with personnel and training departments responsible for a 29 per cent share, other directors 13 per cent and the "finance function" 2 per cent.

Separate research by Cranfield of HR managers in Europe not only confirms these findings but demonstrates that this is not merely a British phenomenon. Primary responsibility for big policy decisions on training and development, the school found, is seldom vested exclusively with line managers. But there is a strong "line" input in

most European countries, notably Germany, Ireland, the UK and the Netherlands.

The HR survey showed that the amount of responsibility taken by line managers for training and development increased over the last three years in 49 per cent of UK organisations polled, by 63 per cent in Sweden and by 45 per cent and 30 per cent respectively in

management programme at IMD in Switzerland to line management, which controlled the budget.

BT introduced a performance and development framework for managers and professionals at all levels in 1993. It has recently been refined to help users better recognise potential and identify development needs.

The new decision-making trend in

management training at Shell International Petroleum Company, "are team building exercises involving people who will be working together in future."

He sees clear advantages in having most of management development done in individual business units as it is easier to apply the learning points in practice. "The problem with sending people away on open programmes, either run centrally or outside, is how to capture what they have learnt and pass it on to others when they come back."

In addition to the traditional performance appraisal and objective-setting functions, he explains, line managers have had to become increasingly preoccupied with developing the "professional competences" of their staff.

"They are required to identify the gap between the needs of the business and the professionalism of their team, and find ways of filling it. The closer the training to the workplace the better, not least because this fits in with upward appraisal and 360 degree feedback. Feedback can be a very useful development tool."

Company believes there are some issues, like strategy, which are better addressed on a corporate basis, or by an external course provider. These, he points out, can give a wider view and external contacts. "Even change management, though, is as likely to be treated on a local basis these days, such as the rapid changes taking place in all organisations."



Switzerland and Germany.

John Varley, a senior field operations manager in Scotland with BT, is typical of the new manager who takes responsibility for his own career. Three years ago Varley approached BT's executive development team (part of the personnel department) for help with choosing a course - he then had to "sell" the concept of a 10-week executive develop-

ment programme presents a clear marketing challenge for business schools selling themselves as external providers. But it also says something about the growing preference in many big companies for competence development to take place at a local level, as close as possible to the workplace.

"What I see happening more and more," says Bob Campy, head of

NEWS FROM CAMPUS

A starting point for an MBA career

One of the big questions for many MBA students is who will employ them once the course is completed. For those who want to consider the question before sending in their application forms, the autumn edition of the MBA Career Guide could prove a helpful starting point.

The guide includes a section which shows the top 10 employers for graduates from business schools in the US and Europe. The list of employers varies widely, depending on whether the institution is considered one of the top international management schools - or whether it is a regional centre, attracting more local employers.

The guide also includes charts analysing the different curriculum for Taiwanese executives similar to the one the school offers in the US. Launched earlier this year, the MBA programme has found favour with executives from Motorola in China and Rexon, which produces many of Black & Decker's power tools.

Tel: UK, (0)171 284 4687.

Business award for graduate

The prize for the best MBA project from the UK's

business schools has been won by Maren Wittmann, an executive search consultant with the German company Egon Zehnder.

Wittmann, an Ashridge MBA graduate, beat students from 19 other business schools to win the Business Education Teachers Association MBA prize. Her project centred on product development for her executive recruitment company.

US management skills find home in Taiwan

While high-technology companies in Taiwan are exporting gadgets to the US, American business schools are reversing the trend and exporting management skills to Taiwan.

The University of Tennessee College of Business at Knoxville has designed a curriculum for Taiwanese executives similar to the one the school offers in the US. Launched earlier this year, the MBA programme has found favour with executives from Motorola in China and Rexon, which produces many of Black & Decker's power tools.

The 18-month course includes residential periods

in Taiwan and a visit to the US at the end of the course.

Although the course modules studied by the Taiwanese executives are similar to those studied by their counterparts in Tennessee, their response is often very different, says Patricia Postma, director of the programme. "Their level of preparation far exceeded our expectations, both before the course began and during the course."

UT College of Business: US, (615) 974 6375.

Helping hand with development

The Institute of Management has launched its policy on professional education to help its 70,000 UK members take charge of their own professional development.

Its Continuing Professional Development (CPD) programme involves paper-based and computer-based tools to help managers assess their needs and make development plans. The institute also offers courses and publications and, perhaps most important, is appointing CPD advisers in each of its 103 local branches.

Institute of Management: UK, (0)171 497 0580.

BUSINESS EDUCATION

EXTEND and ENRICH YOUR SENIOR MANAGEMENT experience

Stepping outside your normal working environment and facing a new and real set of challenges enables you to extend and enrich your skills...an invaluable opportunity presented by the Manchester Business School Senior Executive Course.

Acclaimed as one of the world's finest strategic management courses, it reflects the distinctive philosophy which has given the School its international reputation - using real-life projects from outside organisations as a focus for strategic analysis. For three weeks, spent in residence at the School, the course combines challenging practical exercises with incisive new thinking...and provides an opportunity for the exchange of ideas and experience with other senior managers from different countries and backgrounds.

Manchester Business School also offers tailored company programmes, plus a range of short courses for senior management covering the latest thinking in areas including banking, finance and retail strategy.

Senior Executive Courses are run each year in January, May and September. 1995/1996 dates are:

10 September - 30 September 1995

14 January - 3 February 1996

29 April - 18 May 1996

Areas of study include:

The Business Environment
Accounting & Finance
Organisational Behaviour
Effective Management Skills
Marketing Strategy
Strategic Management

Participants should normally have substantial management experience.

For more details, please contact Pam Ogden by phone or fax on the number below.

MANCHESTER BUSINESS SCHOOL

BOOTH STREET WEST, MANCHESTER M15 6PB ENGLAND
TEL: +44 (0)161-275 6396 FAX: +44 (0)161-275 6582

30 YEARS OF EXCELLENCE

MANCHESTER BUSINESS SCHOOL

SPECIALISTS IN INTERNATIONAL TAX TRAINING

IBFD International Tax Academy

The IBFD International Tax Academy provides courses and conferences all over the world dealing with the essential issues in comparative and international taxation. Latest developments and key strategies are presented in intensive, idea-packed sessions by specialist teaching staff with worldwide expertise.

Contact us for a copy of our latest course and conference calendar or ask about our tailored in-house courses.

Ms Annelien Schol, Course and Conference Manager, IBFD International Tax Academy,
PO Box 20237, 1000 HE Amsterdam, the Netherlands
Tel: +31 (0)20 626 7726 Fax: +31 (0)20 620 9397

This advertisement is not only being read by you...

...but also 41% of European - Businessmen who read the Financial Times and are responsible for specifying or authorising the purchase of Management Training courses within their organisation.

Call now to advertise within the stimulating new environment, the Business Education page, every Monday.

Melanie Miles on 0171 873 3349

Karl Loynton on 0171 873 4874

or

Julia Copeland on 0171 873 3507

CONFERENCES & EXHIBITIONS

OCTOBER 10/11
Selling Skills for Treasury Staff
Practical training course introducing selling techniques to banks' and financial institutions' corporate dealers and customer services personnel. At the end of the course participants will be better placed to identify and understand their customers' needs and handle selling opportunities with confidence. £250 + VAT.
Contact: Lywood David International Ltd
Tel: UK 44 (0) 1959 565830
Fax: UK 44 (0) 1959 565821
LONDON

OCTOBER 10/11
Practical Foreign Exchange Trading
OCTOBER 17/18
FX & Currency Options
OCTOBER 17/18
Risks & Structures in Trade Finance
NOVEMBER 7/8
Derivative Products for Sales & Marketing
2 day courses at £495 + VAT.
Contact: TFL/Global Education
Tel: 0171 406 0084/000 2123
Fax: 0171 600 3751
LONDON

OCTOBER 16
MBA Fair
For those considering MBA study, over 40 British and overseas universities will be represented at the Association of MBAs' annual business school fair (sponsored by Barclay's & Nat West Banks and the Independent). Covers full-time, part-time and distance learning MBA courses. Admission free. Register in advance and receive full details in a NatWest Bank's registration service.
Tel: 0900 282700
LONDON

OCTOBER 16 - 19
Fire 95 Conference & Exhibition
Harragote International Centre, North Yorkshire
For FREE exhibition admission tickets contact: Nicky Molloy, PMJ International Publications Ltd. Tel: 01737 768611. Fax: 01737 761685.
HARRGATE

OCTOBER 17
Second South Africa - Economy, Investment & Trade
The Cityforum and South Africa Foundation conference features Chris Stals, Jabu Moleketi, Lord Fraser, Elisabeth Bradley, Christo Wiese, Moss Lebakeng Leoka. Sponsors: Clifford Chance, Merrill Lynch International, NIM Rothschild.
Contact: Cityforum Ltd
Tel: 01225 466744 Fax: 01225 442903
LONDON

OCTOBER 17 & 18
FT Intellectual Property: Managing the Risks; Maximising the Returns
At this high-level conference, senior executives involved in the use and protection of intellectual property assets within some of the world's most formidable companies, will discuss the growing importance of intellectual property assets and the problems - and opportunities - which arise as a result.
Enquiries: Financial Times
Tel: 0181 673 9000 Fax: 0181 673 1335
LONDON

OCTOBER 17 & 18
Practical Dealing course - Foreign exchange
Training in Spot and Forward FX dealing for trainee/junior dealers and corporate treasury personnel. Highly participative course including WINOAL (PC Windows-based dealing simulation). Training effected by practitioners with many years' market experience. £320 + VAT.
Lywood David International Ltd.
Tel: UK 44 (0) 1959 565820
Fax: UK 44 (0) 1959 565821
LONDON

OCTOBER 17-18
Independent Power Generation
2 day seminar and site visit to recently launched Royal Docks Energy Company. Presentations include National Grid (recent developments in ancillary contract opportunities); ICI and Intergen (proposed independent power plant in Runcorn) & Mitsubishi Finance.
Contact: Sarah Morris
Tel: 0171 258 1668
LONDON

OCTOBER 17-18
Survival 7th Annual Business Conference
The biggest and most dynamic event for business continuity and disaster recovery planners ever mounted in Europe. Three conference streams plus a major exhibition of specialist products and services.
Contact: Liz Powell, Survival
Tel: 0181 874 6266 Fax: 0181 874 6446
Email: survival@cityscape.co.uk
LONDON

OCTOBER 18 & 19
Communication and Security
Two seminars dealing with ISDN Frame Relay, ATM and Security on the Internet. One examines the benefits of introducing the latest communications technologies into business solutions. The second, provides an understanding of how security and business needs on the Internet can be reconciled.
Contact: UNICOM Seminars.
01895 256 484. Fax: 01895 813 095
LONDON

OCTOBER 18 & 19
Successful Change Management
This CBI/Develin & Partners conference will address the key issues in a successful change management. Chaired by Sue MacGregor, this full day event will leave delegates with an insight into how key organisations have translated a conceptual framework of change into reality.
Contact: Nicola Martin, CBI Conferences
Tel: 0171 379 7400 Fax: 0171 497 3646
LONDON

OCTOBER 20-22
ACI Diploma - Part One
NOVEMBER 3-5 - Part Two
The Association des Combines Internationales Diploma for foreign and money market dealing. Taken by 800 people to six delegates meet 12 months' experience in a money market function, the course leads to a three part exam offered in June and December each year. Holders can gain exemption from Securities Institute Diploma exam registration. Full details on request.
Contact: BPP Bank Training - Jonathan Rogers
Tel: 0171 628 8444 Fax: 0171 628 7818
LONDON

OCTOBER 22-23
Credit Analysts Level 1
Specifically designed for those with little experience of accounting or financial analysis. Give an understanding of financial statements, analysis and interpretation skills and the methods of successful lending. ● Understanding company accounts ● Ratio analysis ● Liquidity and solvency concepts ● Credit environment ● Cashflow statements.
Contact: BPP Bank Training - Ross Turner
Tel: 0171 628 8444 Fax: 0171 628 7818
LONDON

OCTOBER 24
Riding the Tigers
A one-seminar led by Prabhu Gupta. "The World's largest and fastest growing markets are in the Pacific Rim. To guarantee your future you must be involved there". Learn how to avoid common mistakes, discover cultural differences, improve your effectiveness.
Contact: The Strategic Planning Society
Tel: 0171 636 7737 Fax: 0171 323 1692
LONDON

OCTOBER 24
City Disputes Panel First Conference
Lord Woolf and Lord Kingsdown as keynote speakers, this event will feature Lord Acton and leading figures from the City and the Bar to discuss the CDP's role in disputes resolution involving financial services, and host management techniques workshops.
Contact: Eurocom
Tel: (444) 0171 779 8328
LONDON

OCTOBER 24
Shared Rewards in the Private Company
Following the Greenbury Report and recent changes in tax law, this one-day conference will examine all aspects of employee share schemes, and extending schemes to overseas subsidiaries.
Contact: ESC International Ltd
Tel: 0171 386 9322
LONDON

OCTOBER 24/25
Understanding Treasury Derivatives
Training course covering treasury derivative markets. Currency Options, SAFEs, FRAs, Futures, Interest rate swaps and related products. For Corporate Treasurers, bank dealers and marketing executives, financial controllers, systems and support personnel. £520 + VAT.
Contact: Lywood David International Ltd
Tel: UK 44 (0) 1959 565830
Fax: UK 44 (0) 1959 565821
LONDON

OCTOBER 25
Corporate Capital at Lloyd's: Building the Future
A conference for key professionals in the insurance, investment and banking communities which will deal with Lloyd's reconstruction and renewal, the creation of Equitas, the implications of raising and investing capital in the Lloyd's market and future prospects for corporate capital.
Contact: LLP
Tel: 0171 250 1500 Fax: 0171 253 9907
LONDON

OCTOBER 25-26
Developing the Customer-Driven IT Function: New Skills and Competencies for Delivering World-Class Business Solutions
This major conference explores how IT professionals can acquire the new business management and inter-personal skills needed to fulfil their changing role as effective business managers.
Contact: Business Intelligence
Tel: 0181 543 6565 Fax: 0181 544 9030
LONDON

OCTOBER 25-27
IPD National Conference
People Making the Difference
Europe's largest conference for the management and development of people. This year's theme: People Making the Difference. Recognises that the people we employ, their skills and contributions, are the prime source of our competitiveness. Key themes include: Strategic Directions, The Changing Shape of Work, Managing and Developing People and Reward Management.
Contact: Institute of Personnel and Development
Tel: 0181 263 3434 Fax: 0181 263 3366
HARRGATE

OCTOBER 26
Demos/Business Ethics: the new bottom line
Speakers: Gordon Brown MP, Charles Handy, Sir Iain Vallance, William T. Rudge, Gary Edwards, Sheila McKinnis. Sponsors: BT, Oun & Bradstreet International.
Details & Booking: Tel: 0171 222 1280 Fax: 0171 222 1278.
LONDON

TO ADVERTISE IN THIS SECTION PLEASE CALL CHARLES WHITEWOOD ON 0171-873 3503

MEDIA FUTURES

What's inches tall and dances like Sylvie Guillem?

The answer is Merce Cunningham's little man in cyberspace. Christopher Bowen reports

In a room at the Merce Cunningham dance studio in New York's lower Manhattan, a compact figure raises his arms and bends his knees in preparation for a jump. Up he soars, one leg lifted at a high angle as he lands on the spot and holds the pose without so much as a hint of a wobble. Then he steps forward into a graceful, superextended lunge - spine curved, arms flung back, head held high - before launching into a pattern of dizzying footwork which sends him spiralling across the floor. It is a fiendishly complex sequence but this little guy executes it without fault. Not only that, he can repeat it endlessly and with as many variations as you like. Faster arm rotations and slower steps? No problem. He will do it. And he can twist his head through 360 degrees if that is what is asked of him. He never complains and he never gets injured. He is the Sequence Editor - or "Seq Ed", as choreographer Merce Cunningham calls him - the perfect dancer.

He exists only in cyberspace and within a software programme known as LifeForms, devised by Tom Calvert and Thecla Schiphorst of Simon Fraser University in Vancouver, but Seq Ed is causing a quiet revolution in the dance studio.

Conventional wisdom has it that choreographers craft works on their own, or other dancers' bodies, utilising the language of dance techniques - both classical and contemporary - which are developed and passed on from one generation to another.

But Merce Cunningham has never held much with convention. At 76 he is the tonic grand master of American modern dance. For half a century his works have relentlessly questioned perceived ideas of what dance is all

about. He creates movement without reference to emotion, plot or even music, and regards every part of the stage and point of the compass as having equal importance - not just down-stage centre, as tradition and the proscenium arch dictate.

As Cunningham allows his artistic collaborators the freedom to devise sound and design as independent elements which, in general, only come together for the first time on opening night, so chance plays its part in the choreographic process. He has often been known to flip a coin or throw the I Ching to determine a sequence, now he has Seq Ed to help him choose the variables. But what Cunningham really likes about LifeForms is its potential to spark new ideas about human movement.

"Right from the moment I began working with the program," he recalls, "I realised it could see movement in a way that hadn't been seen before. Like the camera captures moments that exist, but we don't actually see. Of course, the computer figures some times come up with dance sequences that are impossible for humans to do, but working these out on the dancers has produced some fascinating solutions. There have been a lot of very creative mistakes."

When Cunningham began exploring movement possibilities with LifeForms in 1989 the figures on screen moved from one set position to another, like a series of still photographs. Now the program moves with the fluidity of film at 30 frames per second, and can view the figures from any angle to give a three-dimensional representation of movement.

LifeForms is an ideal instrument for the recording and

preservation of dance, which is currently achieved through forms of written notation that only specialist choreologists can decipher. But as a creative tool it allows for a degree of complexity that outstrips even Cunningham's intricately structured dances.

"As physical beings, we generally proportion the rhythm of our movement," Cunningham explains. "But with LifeForms you can have the legs doing one tempo, the torso another, and the arms something else. This was something I attempted to do in my early solos and it is incredibly difficult, not just to learn but to remember. LifeForms changes the way the memory works, although I think computers are doing this anyway."

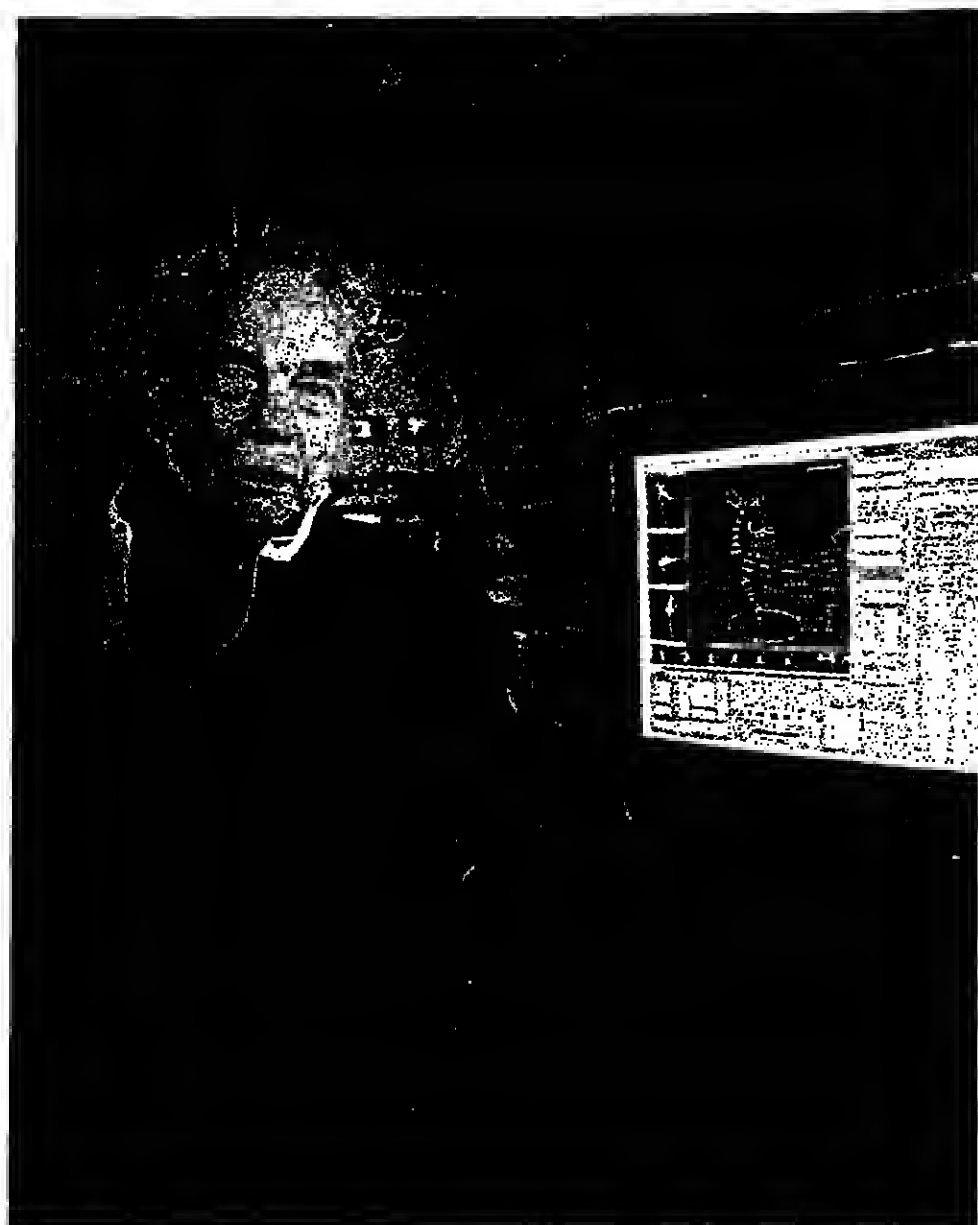
This talk of technology might lead one to assume a dehumanised aspect to Cunningham's work, but there is no evidence to suggest that the dance produced on his computer conforms to some kind of microchip formula.

Recent pieces created using LifeForms like *Enter*, named after the all-important function key, and *CRWDSPCR* (pronounced *Crowdspeak*), have been acclaimed for their emotional atmosphere and vibrant theatricality. Which perhaps says all we need to know about computer-generated art being as good as the artist operating the technology.

CRWDSPCR is one of the works Cunningham will bring to London later this month when his company performs at Sadler's Wells and Riverside Studios as part of *Dance Umbrella*.

But his dance - or bits of it anyway - can be sampled by surfers on the Internet and at a Cyberstudio created in the Lilian Baylis Theatre at Sadler's Wells from October 24-29.

Set up by Terry Braun of Illuminations Interactive - a



Movement as never before: Merce Cunningham with the LifeForms display Edward Santalone

television and interactive media producer with a passion for dance and equipped with top-end Apple Macintosh computers running LifeForms and Multimedia, the Cyberstudio will offer five teams of choreographers, computer artists and animators the chance to collaborate on creating a piece of digital dance.

The week-long series of workshops and seminars has been devised in response to the over-subscribed weekend conference at last year's *Dance Umbrella* festival and, says Braun, follows on from the belief that a lot of today's emergent choreographers want to make dance that does not necessarily exist in real time

and real space.

But Braun also acknowledges that the seminar is a dead notion in these days of interactivity, so there will be live, real-time, on-line Internet access to the work in progress. "The idea that you can create work that the whole world can see and participate in is very exciting," says Braun.

"It will be fascinating to see what choreographers, who have devoted their lives to weight and gravity and muscles, do when they express themselves in another media." The world has already seen Gene Kelly dancing with Jerry the Mouse and Paula Abdul strutting her stuff with a cartoon alley cat, so Britain's

young digital dancers will already have some idea of the possibilities.

Cunningham continues to be thrilled at the challenge the two-dimensional screen offers to choreographers.

"If it hadn't been for film, we wouldn't be able to see Fred Astaire's dancing," he says. "That has always been my premise from the beginning - if that man did it, it is possible."

Merce Cunningham's Dance Company will present Events at Riverside Studios from October 24-29 and a programme at Sadler's Wells Theatre on October 28-29. The Dance Umbrella Web Site is <http://www.illumina.co.uk/umbrella>.

Screen based CV revolution finds work for the mouse

By John Authors

Speculative job applications used to mean a trip to a typing agency to produce a thousand or so CVs, and then a small fortune in envelopes and stamps. In future, they might require only a click on a mouse at an Internet terminal.

Through speculative, applicants' CVs will only go to those employers for whom they are qualified and who have a vacancy.

The WorkNet system, launched on the World Wide Web last week, is aimed at job-seekers and recruiters. Applicants who log on to the WorkNet site must fill in a series of details - including age, sex, qualifications, length of experience and the sector they are interested in - on a CV form, and then add any extra details.

The applicant already has a CV on their personal computer, for example, that could be simply cut and pasted into position. The system automatically cross-references the CV with any appropriate job advertisements in the WorkNet database, and forwards the CV to any relevant employers.

The CV remains on the database. Confidentiality is maintained. Employers who log in to the recruitment section of the Web site must fill out a questionnaire listing their requirements, and place an

advertisement. Once they do so, CVs matching the criteria are automatically forwarded to them. But they arrive without personal details.

Employers must then e-mail WorkNet with the CV reference numbers of any people they wish to interview. WorkNet in turn will only release the personal details if the potential interviewees give their approval.

WorkNet is trying to establish a "critical mass" with aggressive discounting - the service will be free for both recruiters and applicants for the first three months. The company is also offering three months' free subscription to the Internet, including the necessary software, to companies which are not yet on-line.

It eventually intends to make a charge to recruiters. Tom Laidlaw, project director, is aggressively confident about the future. He says the service marks "a very real turning point in the usefulness of the Internet and the profile of electronic media and services in business", and will "bring the Internet into the everyday activities of business and the workforce".

With the ability to undercut recruitment consultancy rates massively, the service certainly has a chance to live up to its own hype.

WorkNet's Web site address is: <http://www.worknet.co.uk>



CONFERENCES & EXHIBITIONS

OCTOBER 26-27

Emerging Stock Markets in Central Europe & Russia

Scot's award course on developments of securities markets. Distinguished speakers from financial institutions, stock exchanges, investment managers will discuss market regulation, transparency and prospects. Presentation opportunities for foreign investors. Focus on Poland, Czech Republic, Hungary, Russia. Contact: Eurocom. Tel: 0444 0171 779 8629

LONDON

OCTOBER 26-27

Investment Accounting Workshop

The intensive 2-day workshop delivers a comprehensive understanding of accounting transactions to support investment management portfolios. Design and audit trail systems and their relationship with corporate accounts. Ideal for IT and Investment Operations and Administration staff. Case studies. £580 + VAT. Alternative dates in 1996: February 1-2, April 18-19, July 18-19, October 24-25. Contact: Sally Wickham, Alansworth & Assoc. Tel: 0171 252 2834 Fax: 0171 252 3074

LONDON

OCTOBER 27

Investor Relations: The Institutions

What makes the institutions tick. 1996 institutional activity agenda, analysis of top houses and fund managers, what Merrill Lynch will do with Smith New Court. Speakers include: BA Pensions Fund CEO David Gamble, MAM Director Paul Harwood, Hermes CEO Alan Ross, Fidelity Pensions MD Richard Hickel, Merrill Lynch PDM, Institutional Investor magazine London Bureau Chief David Fairbank. Contact: BSA Associates Seminars. Tel: 0171 629 6099 Fax: 0171 629 5660

LONDON

OCTOBER 30 - NOVEMBER 1

Derivatives Analysis

For finance managers, company treasury staff, fund managers and system developers. Aims to enable non-specialists to understand derivatives based financial products by providing an analytical "toolkit" to help in the assessment of the fair value of trades and their suitability; also introduces fundamental and consistent pricing methodology. • Analysis of the swap yield curve. • Pricing conventions. • Discounted cash flow. • Sensitivity, probability and correlation. • Volatility. • Application to futures, options and OTC products. Contact: BPP Bank Training. Tel: 0171 628 4444 Fax: 0171 628 7818

LONDON

OCTOBER 31

Producer Responsibility, Your Responsibility

All businesses using packaging are required to meet the targets for recovery and recycling set out in the Department of the Environment's consultation paper on Producer Responsibility for Packaging Waste. This CBI conference will outline industry's responsibilities. Contact: Nicola Martin, CBI Conferences. Tel: 0171 379 7400 Fax: 0171 497 3646

LONDON

NOVEMBER 1-2

Lateral Thinking and Serious Creativity for Management

Created by Edward de Bono. Facilitated by Caprice Bono, Chuck Dwyer. Learn to: • Break loose from established thinking patterns. • Generate fresh concepts. • Keep up with changes. • Be more creative at the strategic level. Contact: Julie Muchenja, Monarchwest. Tel: 0181 871 2546 Fax: 0181 871 3866

LONDON

NOVEMBER 1-3

Investment & Money Markets

• FX, Back, Derivatives, Major Influences and Key Players. Mechanics of Spot and Forward FX Baskets and Cross Currencies. • Money Markets: Bank of England Operations. Role of the Discount House. Key Players in the Market. Cash Market Instruments. • Currency Options. Terminology. Key Features. Applications. • Overview of FRAs. Interest Rate Options. Caps, Collars and Floors. Swaps. 3 days. £580. Contact: Fairbank. Tel: 0171 429 0995 Fax: 0171 329 3853

LONDON

NOVEMBER 6-10

Credit Evaluation & Lending - Introductory Level

The foundation course in credit analysis, risk assessment and the causes of lending. Types of Borrower and their needs. Techniques of Credit Analysis: Profit & Loss Account and the Balance Sheet, Cashflow, Forecasts, Sensitivity Analysis, Spreading Ratios, Key Indicators, Business Plans, Debt Service Capacity, Covenants. Analysis of risks. Causes of Lending. 5 days. £825. Contact: Fairbank. Tel: 0171 329 2995 Fax: 0171 329 3853

LONDON

NOVEMBER 7

Successful Multimedia Production

A practical seminar for producers, designers, designers and clients of CD-ROM, Kiosk and On-Line Distribution. For full agenda, contact: <http://www.bancomond.co.uk>. Email: multimedia@bancomond.co.uk. Tel: 0171 606 0980 Fax: 0171 606 0920

LONDON

NOVEMBER 7-9

Business Performance Measurement

Transforming corporate performance by measuring and managing the drivers of future profitability. The conference explores the relevance and practicality of developing new "corporate dashboards" which include non-financial indicators, such as customer satisfaction, quality and benchmarking. Contact: Business Intelligence. Tel: 0181 543 6665 Fax: 0181 544 9020

LONDON

NOVEMBER 7-9

The Automotive Technology Event, organised by Engineers for Engineers

The international event will include Congress, Conference and Exhibition, and will present the latest in automotive technology. Enquiries: Roger Webb. Contact: Exhibitions. Tel: 0171 767 2683

BIRMINGHAM

NOVEMBER 7-9

The Dealing Room Audit

3 day course at £595 + VAT.

NOVEMBER 14/15

Practical Money Market Trading

3 day course at £695 + VAT.

NOVEMBER 15-17

International Securities Settlements

3 day course at £520 + VAT. Contact: TPL/Nicola Blackman. Tel: 0171 606 0980 Fax: 0171 606 3751

LONDON

NOVEMBER 8

Making the Most of the National Lottery as a Funding Source

A Practical Guide for Applicants and their Advisers. Speakers include: Rt Hon Virginia Bottomley MP and the five funding bodies. The day will include detailed case studies of successful applications. Contact: City & Financial Consultants. Tel: 01276 85696 Fax: 01276 856566

LONDON

NOVEMBER 8

How to Make Punchy Visuals

If you prepare, write or produce slides or OHPs, this is an absolute must. Top presentation designer gives insider tips on writing, typography, colour, grids, special techniques... Also, how to use hidden persuaders. £55 + VAT. Contact: Executive Presentations. Tel: 044 0171 251 5033 Fax: 044 0171 580 9495

LONDON

NOVEMBER 8-10

Management Skills

Topics covered include: • The Challenge of Management. Team Leadership. Personal Styles and Assessment. Accountability and Responsibility. Delegation and Work Allocation. Prioritising. Making Decisions. • Managing Change. Staff Motivation. Stress and the Pressures of Leadership. • Recruitment and Selection. Appraisal. Constructive Criticism. Training and Development. Conflict and Disciplinary Procedures. • Communication. Listening. Time Management. Achieving Objectives. Profitability. Self Assessment and Development. 3 days. £595. Contact: Fairbank. Tel: 0171 329 0995 Fax: 0171 329 3853

LONDON

NOVEMBER 13 & 14

Global Emerging Markets

This second annual international conference covers the latest market developments and trends in both emerging equity and debt markets. The conference will include specialised regional portfolio investment workshops and 16 company presentations given by senior managers. Contact: Arlette Evrona, Dow Jones Telelink. Tel: 0171 832 9737 Fax: 044 0171 251 5033

LONDON

NOVEMBER 14-15

Art Theft and its Control

Conference for key professionals in insurance, legal, security and art communities dealing with UNIDROIT, use of art to launder money, public policy implications of payment of rewards, ransom by insurance industry, and technologies available for protection of valuable property. Contact: Laidlaw. Tel: 0171 250 1500 Fax: 0171 253 9907

LONDON

NOVEMBER 14-16

PPMA Show

The UK's premier show for processing and packaging machinery. Over 200 exhibitors representing 500 international machine manufacturers. Equipment to process and pack food, pharmaceuticals, cosmetics, chemicals, beverages, confectionery etc. Daily seminar on CE Mark regulations E15. Includes lunch. For details phone Melinda Scales. Tel: 0181 681 8226 Fax: 0181 681 1641

Wembley Exhibition Centre, LONDON

NOVEMBER 15, OCTOBER 18

Presentations for Professionals

The Annual Conference of The Strategic Planning Society examines the part communications show you how to package your concepts, use humour, slides, voice, what to wear... 7 subtle tools of success. Let us empower you to sharpen your presenting skills. £275 + VAT. Contact: Executive Presentations. Tel: 044 0171 251 5033 Fax: 044 0171 580 9495

LONDON

NOVEMBER 15/16

Creating the Sustainable Enterprise

The Annual Conference of The Strategic Planning Society examines the part communications show you how to package your concepts, use humour, slides, voice, what to wear... 7 subtle tools of success. Let us empower you to sharpen your presenting skills. £275 + VAT. Contact: Executive Presentations. Tel: 044 0171 251 5033 Fax: 044 0171 580 9495

LONDON

NOVEMBER 18

Introduction to Derivatives

This intensive one day workshop is designed to provide an understanding of the characteristics and uses of futures, options and swaps, as used by portfolio managers. Case studies will help delegates calculate margin requirements and calculate profits or losses from derivative positions. Ideal for all investment management personnel, from office and support staff. £240 + VAT. Alternative dates in 1996: March 6, May 15, September 11, November 6. Contact: Sally Wickham, Alansworth & Assoc. Tel: 0171 252 2834 Fax: 0171 252 3074

LONDON

NOVEMBER 17

Money Laundering

The Criminal Justice Act 1993 has placed new duties and responsibilities on individuals, banks and other financial institutions. How to recognise and deal with suspect transactions. • Definition of Money Laundering. • Regulations. Domestic and International. • Role of the Supervisory Bodies. • Responsibilities of Banks and Staff. • Identification of Money Laundering. • What to Do - What Not to Do - Practical Examples. 1 Day. £225. Contact: Fairbank. Tel: 0171 329 0995 Fax: 0171 329 3853

LONDON

NOVEMBER 20-21

Credit Evaluation & Lending

For loan officers and new business executives with banks and building societies. Evaluating Business Proposals and Accounts. Understanding the Equipment, Debt Servicing. • Cashflow, Break-even, Sensitivity Analysis, Credit Evaluation, the Lending Decision, Setting No. • Contracting Lenders. Sources of Information. Recognising Early Warning Signals and Formulating Action Plans. 2 Days. £595. Contact: Fairbank. Tel: 0171 329 0995 Fax: 0171 329 3853

LONDON

NOVEMBER 21 & 22

FT The Pharmaceutical Industry - Towards the Year 2000

Authoritative figures from Europe, North America and the Asia-Pacific region will address this annual FT meeting, sharing their views on managing the boom-bust cycle, joint ventures, industry restructuring and privatisation plans. Enquiries: FT Conferences. Tel: 0181 673 9000 Fax: 0181 673 1335

LONDON

NOVEMBER 21-22

Evaluating and Managing the IT Investment

Why spend on information technology? This seminar is intended for both business and IT managers wanting to justify expenditure on new information technology. It will outline the business benefits, costs and risks associated with IT investment. Contact: UNICOM Seminars. Tel: 01895 226 484 Fax: 01895 813 095

LONDON

NOVEMBER 22-23

Installing and Operating Programme Management

Programme Management is increasingly used to direct, control and implement projects of business change. The seminar will explain what is involved and the benefits that accrue from its use. The seminar will explain how to design and implement a Programme or Project Support Office. Contact: UNICOM Seminars. Tel: 01895 226 484 Fax: 01895 813 095

LONDON

NOVEMBER 22 & 23

World Electricity

Against a backdrop of rapid change and considerable opportunity, this annual meeting - the fifth in a series arranged jointly with Power in Europe - will examine the continuing trends of deregulation and liberalisation around the world. International experts will consider how utilities are responding to a new environment of competition and comment on the global power market in the mid 1990s. Enquiries: Financial Times Conferences. Tel: 0181 673 9000 Fax: 0181 673 1335

LONDON

NOVEMBER 23

FT Financial Reporting 1995

Significant developments in the field of financial reporting over the past year makes this one-day conference - the fifth in an annual series - a must for accountants in both practice and industry. Enquiries: FT Conferences. Tel: 0181 673 9000 Fax: 0181 1335

LONDON

NOVEMBER 23

The Human Resource, Employee Communication Alliance

This one-day conference will explore why an alliance between the HR and communication functions is essential for the development of new working styles. Speakers: Professor Derek Pegh, Open University Business School; Paul Chapman, N&P; Tony Ryan, BAA; Rod Smith, Grand Metropolitan Research Fellow, LSE; Jerome Reback, Seytine Forward Lambert. Tel: 0171 379 9099

LONDON

NOVEMBER 28

Telephone Communication Skills

An interactive course for anyone dealing with customers over the telephone, covering areas such as handling complaints, controlling calls and asking for information. An opportunity to develop your skills in a non-threatening environment. £245 + VAT inclusive of lunch, refreshments, course material. Contact: Structured Training. Tel: 01926 337621

LONDON

NOVEMBER 29 - DECEMBER 1

Introduction to Investment

This intensive 2-day workshop is designed to provide an understanding of the characteristics of the main security classes, dealing and settlement procedures, running portfolios, fund administration and performance measurement. Ideal for investment operations and IT staff. Case studies. £720 + VAT. Contact: Sally Wickham, Alansworth & Assoc. Tel: 0171 252 2834 Fax: 0171 252 3074

LONDON

Game for statistical monsters

But apparently the Liechtenstein lottery is neither a fraud nor a joke. It is a serious business, operated by

Of the three candidates he considered, two were swiftly ruled out

The Liechtensteins told him

Costs? What costs? After writing the software and setting up a couple of powerful servers in Vaduz, the capital of Lichtenstein, the founda-

with a minimum purchase of two tickets and a transaction charge of SFr2 (£1). A grand draw was to be held last Saturday night in a raffle.

Tim Jackson can be reached at Tim.Jackson@nash.com.

Financial Times on
the World Wide Web
www.ft.com
or
www.usa.ft.com
Updated daily

http://www.inet.guinness and http://scotch.com/p41.html



BT FAX 444 (6) 171 675 5090

AMP Incorporated, Harrisburg, PA 17105-3508. Contact your regional center: USA 1-800-522-6755
Canada 805-470-4425, England 44-1753-576800, Singapore 65-492-0311, Japan 81-44-813-8502



How do we master the process of constantly assured, effective production?

Planning the future

Deciding the outcome INTERKAMA

The leading international trade fair where automation is concerned, INTERKAMA presents exclusively, fully and comprehensively the network of innovative measurement technology, open and closed loop control techniques, sensor and control technology with a guaranteed future. The exchange of ideas. Participation is more than a must.

Düsseldorf, October 30 to November 4, 1995

Messe Düsseldorf Basis for Business

Düsseldorf Messegesellschaft mbH - NOWEA - Postfach 101006 D-40001 Düsseldorf - Fax (0211) 4560-668



The No.1 Trade Fair worldwide for Measurement and Automation Technology

The Financial Times plans to publish a survey on

Luxembourg

on Tuesday, October 24

- 19% of senior businessmen in Belgium and Luxembourg read the Financial Times - more than any other international business publication.*
- 91% of Professional Investors in Europe read the Financial Times, and 75% consider the FT to be most important or useful to them in their work.**

For an editorial synopsis - and information on advertising opportunities - please contact:

MEYRICK SIMMONDS
Tel: (00322) 548 9550

SYLVIE CORBETT
Fax: (00322) 511-0472

or

LINDSAY SHEPPARD
Tel: (0044) 0171 873 3225 Fax: (0044) 0171 873 3428

* European Business Readership Survey - 1993
** Professional Community Worldwide Survey - 1993/94

FT Surveys

THE WEEK AHEAD

DIVIDEND & INTEREST PAYMENTS

TODAY

Continental Foods 2.5p
Ellis & Everard 5.7p
Elsevier F10.18
Export-Import Bank of Japan
74% Bd '02 C\$77.50
Far Eastern Textile 4% Bd '06
\$400.0
File Indmar 1p
Gardiner 0.27p
ICI 11.5p
Kobe Steel FRN '96 Y36652.0
Leo 1 C1 B Mort Bkd FRN '95
£2285.43
Do C1 B Mort Bkd FRN '92
£219.75
NatWest Bank 8.4p
Nationwide Bldg Scty Varied
Cpn Nts '95 £76378.42
OK Electric Industry 7.25% Bd
'98 Y725000.0
Osaka Gas 10.25% Nts '96
C\$512.50
PSIT 3.375p
Seed Int'l 7.5p
South Western Electricity 65p
Takashimaya FRN Jan '98
Y38919.0
Tomkins 6.22p
Victoria Carpet 2p
Wace 1.85p
Warnford Inv 5p

TOMORROW

Banco Bilbao Vizcaya Pts42.0
Cementone 0.4p
Colterson Mort Secs (No.11)
C1 B Mort Bkd FRN '98
£218.41
DKB Int'l Fxd/FRN July '04
£16992.45
Euro Bank for Reconstruction
& Development 8.875% Bd '96
ECU867.50
Henlys 4p
Intelek 0.5p
Lothbury Funding C1 A1 Mort
Bkd FRN '31 £1244.63
Do C1 A2 Mort Bkd FRN '31

£1827.79
Do C1 B Mort Bkd FRN '31
£2029.43
NBE Finance Dual Basis Bd
'04 \$35585.42
Macfarlane (Clansman) 1.4p
Marling Inds 0.57p
Newport Boro Council 8%
Ln '19 £1.77986
News Corp A\$0.015
Do Prefd Lim Vtg A\$0.0375
News Intl Special Div (Res Vtg)
1.82p
Phillip Morris \$1.0
Pittsner Resources 0.5p
Rank Organisation 4.75p
Syndicate Cap Tst 1.75p
TI Grp 4.35p

WEDNESDAY OCTOBER 11

Abbey National 1st Cap Sb
FRN '03 \$32.09
City Centre Restaurants 0.45p
Conversion 10% '02 £55.0
DKB Int'l Fxd/FRN Apr '05
\$35011.46
Dalepak Foods 1.2p
GMAC Australia 14% Nts
Oct '11 '95 A\$142.50
Howard Hlgs 0.8p
Islington Corp 12.65% Rd '07
£5.325
Mitsui Fxd/FRN '96 Y29063.0
Nelson Hurst 2.6p
Peninsular & Oriental Steam
Navigation 14.8% Nts '95
A\$7400.0
Poliglasruss Platinum R0.47
Ropner 3.5p
Rustenburg Platinum R1.47

THURSDAY OCTOBER 12

Clyde Petroleum 0.4p
Clydeport 1.4p
Conrad Ritblat Sinclair
Goldsmith 0.425p
Dixon Motors 1.675p
Enterprise Oil 11% Un Ln
'16 £5.8125

Ireland (Republic of) 12 1/2% Ln
'08 £312.50
Lloyds Bank 8.8p
Scottish Eastern Inv 0.55p
Slough Estates 11% Bd '12
3.1p
Tate & Lyle Intl Finance 8% Bd
'99 £20.0
Telegraph 5.5p
WSP Grp 1.1p

FRIDAY OCTOBER 13

Alexander & Alexander Serv
11% Conv Sb Db '07 \$5.50
Allnatt London Properties
10 1/2% 1st Mort Db '94/99
£1.20822
Anglo American Industrial
R1.60
Bradford & Bingley Bldg Scty
FRN '97 £173.73
Do FRN '98 £174.86
British Assets Tst 4 1/2% (3.15%
net) Pf 1.575p
Do 5% (3.5% net) 'A' Pf 1.75p
Capita 1.3p
Courts 3.125p
Domnick Hunter 2.4p
Enterprise Oil Sb FRN '99
£40924.32
Evans Halshaw 5.5p
Friends Provident Ethical Inv
Tst 3p
Do UNITS 3p
Gerbil Inv R0.14
Gibbs & Dandy 1.4p
Do 'A' Non Vtg 1.4p
Greggs 8p
Hongkong & Shanghai Banking
Prim Cap Untd FRN \$76.67
Intl Inv Tst Co of Jersey 3.5p
Jersey Phoenix Tst 1.5p
Johnson Fry Euro Utilities Tst
Inc 2.8p
Johnson Fry Second Utilities
Tst Inc 1.6p
Johnson Fry Utilities Tst Inc
2.5p
Jones, Stroud 6.5p

Kobe Steel 5.6% Bd '96
Y560000.0
Morgan (JP) \$0.75
Motorola \$0.10
National Australia Bank Untd
Sb FRN \$334.86
Pendragon 3p
Rathbone Bros 3.5p
Rosebys 1.8p
Royal Bk of Canada Govt Stg
Fd Inc Partg Rd Pf 1p
TSL 0.85p
Treasury Loan 9% '08 £4.50

SATURDAY OCTOBER 14

Commonwealth of Australia
9 1/2% Ln '12 £237.50

SUNDAY OCTOBER 15

Aegon 7 1/4% Bd Oct 15 '95
ECU72.50
American Brands 12 1/4% Un Ln
'09 6.25p
BCE C\$0.68
Canadian Pacific Retractable
Db '90/99 \$96.0
Eldridge, Pope 6 1/4% Ired Un
Ln £3.125
Do 7 1/4% Ired Un Ln £3.75
Finland (Republic of) 11 1/2% Ln
'09 £267.50
Goode Durrant 3.5% Cm Pf
0.875p
Govett Strategic Inv Tst 9 1/2%
Db '17 £4.9375
High Inc Tst 1.8p
Manders 5% (3.5 net) Cm Pf
1.75p
Merton London Borough of
11 1/4% Rd '17 £5.625
Metropolitan Water Board
Southwark & Vauxhall Water
3% Db £1.50
Pacific Gas & Electric \$0.49
Richards 4% (2.8% net) Cm
Pf 1.4p
Do 5 1/4% (3.85% net) Cm
Pf 1.44375p
Verity 0.1p

UK COMPANIES

TODAY

COMPANY MEETINGS:
Adams, Cambruge House, 27, New
Dover Road, Cambruge, Kent, 10.30
INVESTCO Japan Discovery Trust, 11,
Devereux Square, E.C. 12.00
Johnson Fry Utilities Trust, The Stafford
Hotel, St. James Place, S.W., 2.30
Syndicate Capital Trust, One Lime
Street, E.C. 11.30

BOARD MEETINGS:

FRN:
Int'l Biotechnology
Lucas Inds
Manganese Bronze
M.A. Data Mgmt
Tay Homes
Wetherpoon LTD
Intertec
Culver
Fine Decor
Fleecroft
Furze Technology
Merrill Currie Pacific Tst

TOMORROW

COMPANY MEETINGS:
Baris, 62, Threadneedle Street, E.C.
10.00

Howard Hlgs., Kingston Lodge Hotel,
Kingston Hill, Kingston upon Thames,
Surrey, 10.30
Macco & The Co. Celars, The Brewery,
Chester Street, E.C. 12.00
Westport, 32-36, Telford Way, W., 10.00

BOARD MEETINGS:

FRN:
Buro Simir Cos
Hammonds Smith Astan
Lloyds Chemists
Old Mutual S Africa Tst
St Ives
Sinclair (William)
Thomsons
Interim
Capital & Regional Properties
Cobham
Cohen (A)
Henderson Highland Tst
JJB Sports
Jones Grp
NIP Small Cos Tst
Trafalgar
Walker Greenbank

WEDNESDAY OCTOBER 11

COMPANY MEETINGS:
African Gold, Hill House, 1, Little New

Street, E.C. 11.00
Polytype, The Grand St. Leger Hotel,
Doncaster, 11.00
TFL City of London, 3, Finsbury Avenue,
E.C. 3.30
Wyllie, Botanical Gardens, Edgmont,
Birmingham, 12.00

BOARD MEETINGS:

Interim:
Alexandra Workwear
Bulgin (AF)

THURSDAY OCTOBER 12

COMPANY MEETINGS:
Armitage Brothers, Armitage House,
Colwell, Nottingham, 11.30
Wiggins, Gashbury House Country
Club, Combsbury, Bristol, 2.00

BOARD MEETINGS:

FRN:
Cradley
Interim:
Brown (P)
David Brown
Leachport
Morgan Grenfell Latin Amer
Time Products

TUDOR

FRIDAY OCTOBER 13

COMPANY MEETINGS:
Furness & Mason, 181, Piccadilly, W.,
10.00
Jones, Stroud, Donington Thistle Hotel,
East Midlands Airport, Castle Donington,
Derby, 12.00
Stanley, Oliver House, 27, East Barnet
Road, New Barnet, Herts, 10.00

BOARD MEETINGS:

Interim:
Boschilling
Environmental Inv
London & Assoc Inv Tst

Company meetings are annual general
meetings unless otherwise stated.

Please note: Reports and accounts are
not normally available until approximately
six weeks after the board meeting to
approve the preliminary results.



Retrouvons-nous dans L'EXPRESS

هكذا من الضمير

BUSINESS TRAVEL

Freddie files again

Cut-price air travel pioneer Sir Freddie Laker plans to start his new transatlantic service on Good Friday next year, April 6. The first route will be between London and Fort Lauderdale in Florida. Sir Freddie has formed Laker Airways in partnership with Texan oil magnate Oscar Wyatt, who will own 51 per cent of the new carrier.

The airline plans to operate daily non-stop DC-10 flights - four a week to Gatwick, two to Manchester and one to

Glasgow. "We also plan to operate a minimum once-weekly flight from Fort Lauderdale to Frankfurt, one or two a week to Berlin and maybe one a week to Milan," Sir Freddie added.

Laker Airways is leasing three DC-10s from General Electric Aviation Capital Assets.

Laker's Skytrain airline collapsed in 1992 after two years of rapid expansion as a UK pioneer of cheap air travel.

At the time he blamed bigger US and British rival airlines for predatory pricing policies, which he said was the reason for the collapse.

French disruption

A strike by French public-sector workers tomorrow will force SNCF to cancel three-quarters of its trains on most lines and disrupt the Eurostar Paris-London service, the company said.

It said that one in four trains would run on TGV and main lines. Three out of every 10 trains on the Eurostar Paris-London link would be cancelled.

The stoppage centres on a tight civil service pay offer for next year. Unions also plan a day of action at Air France, as well as RATP, which operates the Paris Metro and buses.

Phoenix collapse

South African domestic carrier Phoenix Airways is to file for provisional liquidation tomorrow, the latest in a series of local airline-related companies to go out of business. It suspended flights from Friday.

Phoenix launched its domestic service last December with flights from Johannesburg to Durban and Cape Town. It was taken over by charter company Atlantic Air in August.

Others that went into liquidation include Avia, which operated a discount service between London and Johannesburg.

Sri Lanka link

British Airways is to start flights to Sri Lanka again after a seven-year break, it said last week.

The airline ended a 31-year association with Sri Lanka in May 1988 after passenger numbers dropped following political unrest in the country. But twice-weekly flights from Gatwick will begin on October 31, BA said.

The airline is also to expand operations to India with flights from Heathrow to Bombay and Madras from next spring.

BA has also said it will start services to Phoenix, Arizona, from spring 1996, with the flights going on to San Diego in California.

Ritz sold for £75m

London's Ritz Hotel has been sold to the reclusive Barclay brothers for £75m by Trafalgar House, the property, construction and shipping group.

The brothers, who also own The European newspaper, own a string of expensive hotels around the world.

The Ritz, built by Swiss-born hotelier Cesar Ritz, opened in 1906. The hotel was then bought by Trafalgar House in 1976.

The group has been selling its hotels to raise cash and the Ritz is the last to go.

Likely weather in the leading business centres

	Mon	Tue	Wed	Thur	Fri
Tokyo	21	20	21	22	23
Hong Kong	25	25	25	25	25
London	24	21	21	21	21
Frankfurt	24	24	21	20	21
New York	20	21	21	21	21
L. Angeles	26	27	27	25	25
Sydney	24	24	21	21	21
Paris	25	24	21	22	23

Maximum temperature in Celsius

A case of terminal indigestion

Jetting around the United States these days can pose a real test to a traveller's stomach. A trip departing from New York's LaGuardia placed me at an airport terminal at dinner time recently with no available food but the chocolate bars, pretzels and potato chips on sale at the terminal's store.

Leaving Miami a few weeks later, I rushed to catch a plane to discover that the only edibles on sale near the gate were hotdogs and pretzels.

Airline service did not relieve my hunger pangs, since it offered only "snacks" - those omnipresent pretzels and chips. US airlines rarely offer anything substantial on flights of less than three hours.

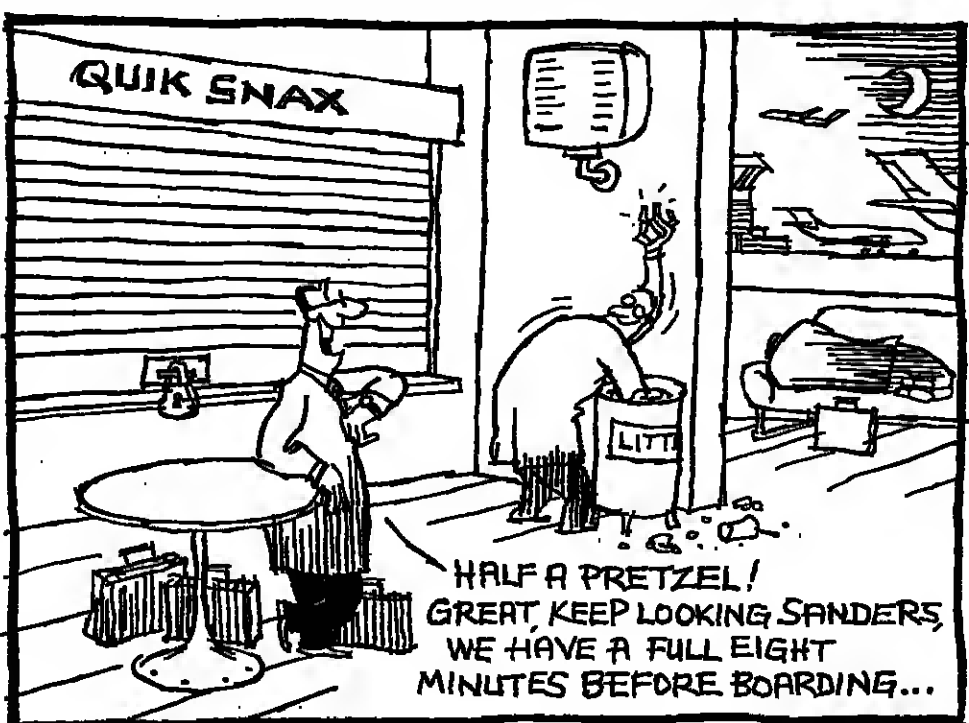
Often there are no restaurants open anywhere near the departure gate. And the white-tablecloth restaurants of yore have yielded to mall-like spaces offering fast food only.

"We used to have a white-tablecloth restaurant at O'Hare, but it just wasn't profitable," says Lisa Howard of the Chicago Department of Aviation, which manages Chicago's airports.

"Travel was once a special thing, and people would be seen off by their family or business associates, but not any more. Since people are on their own, they tend to go to the fast-food places," she adds.

Another reason the quick-service joints are so popular may be the close connection times between flights, often

Limited catering at US airports makes life harder for people on business trips, says Victoria Griffith



now just 20 minutes at many major airports.

Airport concession groups say the travellers most likely to want sit-down service and fine dining are business executives. They are being left out in the food courts, however, as airports increasingly opt for international brands such

as McDonald's and Burger King.

"The business traveller does tend to go more to sit-down restaurants," says Bill McCarten, president of Host Marriott, which controls food and beverages at airports around the country. "But most travellers like national brands, and

we cater to them," he adds.

The trend to fast food can make life difficult for executives looking for quiet spaces to work or entertain associates. Business travellers looking for a private space for an airport meeting, says McCarten, should try renting some of the new airport meeting rooms, or

opt for casual sit-down chains such as TGIFridays and Legal Seafood.

An official at Boston's Logan Airport suggested that air travellers in search of a good meal should leave extra time in case they have to take a bus to another terminal.

However, there is some good news on the airport food and beverage front. Airport meals are much cheaper than they used to be. The days of the \$10 tuna sandwich and \$5 coffee are largely over. Specific pricing rules are now incorporated into airport contracts with food and beverage companies requiring "street pricing" - the same price available outside the airport.

A Big Mac at an international airport usually costs no more than a Big Mac downtown. Good beer is becoming easier to obtain as airports sponsor "microbreweries" - locally made brands with a strong individual flavour. And the addition of coffee chains such as Starbucks makes it easier to find a tasty cup of espresso.

The leisurely expense-account meal at a white-tablecloth restaurant overlooking the runway, however, is a thing of the past at most US airports. "We won't see a return to elegant airport restaurants," says Ira Weinstein, an airport consultant. "Airports are making money on the fast-food formula, and it's here to stay. If you want something fancy, you'd better eat in town before you fly."

James Buxton on the Eurostar service to Brussels

You can't help feeling excited the first time you enter Waterloo International Terminal for a Eurostar train through the Channel Tunnel. The stylish surroundings, the bilingual officials calling you "sir" at every opportunity, even the Italian coffee in the bar, generate a feeling that you are doing something special.

The mood is sustained after you board the train. Last Wednesday the 9.27 to Brussels glided out on time and after an hour descended gradually into the tunnel for its 20-minute transit into France. An hour and three quarters later at 12.44 (the UK and the continent are on the same time for the next week) we reached Brussels Midi/Zuid and I felt relaxed and ready for my appointments.

It was not just the smoothness of the train: the journey was peaceful because the standard class carriages were about 90 per cent empty. In the huff, where I bought an excellent bacon and egg muffin, the only people were four or five crew members trying valiantly not to look bored.

Yet how can such a lovely service be so little used? Most of the people at Waterloo, I now realise, were going to Paris, which is served by up to 11 Eurostar trains a day with an average load factor of 75 per cent, according to European Passenger Services, the train operator. The noise of chatter on board the train can make it impossible to work, as Michael Skapinker la-

Peace and quiet



The Brussels service is usually no more than half full

mented on this page recently. The six Brussels trains, on the other hand, have an average load factor of between 30 per cent and 50 per cent, EPS says. The early part of the week is particularly quiet.

"We knew from the outset [Eurostar began running last November] that the Brussels service would be less popular than Paris," EPS says. "Brussels is less attractive from the leisure point of view than Paris, and Belgium is less well-known than France."

to the state-owned railways of Britain, France and Belgium, is promoting Brussels, and other Belgian cities such as Bruges, and offers an incentive return fare of £80 per person for two people staying a Saturday night, compared with the standard return of £125. "But this has still to show an improvement," it admits.

Part of the problem is that the journey to Brussels is not particularly fast. Although the train does its maximum 300 kph after leaving the tunnel, the stretch from Lille to Brussels is on slower track, as is, notoriously, the section in England. The journey time will fall to two hours 40 minutes when high-speed track opens in Belgium in 1998.

In any case, with Eurostar passengers having to check in 20 minutes before departure, it could be just as quick to travel between city centres by air.

EPS blames corporate customers, who form the majority of passengers to Brussels, making their travel arrangements through in-house departments which have discount arrangements with airlines. But not all travel agents can supply Eurostar tickets at short notice.

There is a quick fix. The Brussels trains would look less glaringly empty if they did not consist of 18 coaches. But because the trains are used on both routes, reducing the number of coaches for cosmetic reasons is not feasible. So the journey will be quiet and roomy for a while yet.

Swire Group

CATHAY PACIFIC

CHOICE



The Heart of

ARCHITECTURE / SPORT

Matchless museum on the Mersey

Conservation has rare quality in Liverpool, writes Colin Amery

Conservation takes on new meaning in Liverpool with the recent handover of a listed Victorian city centre warehouse to the National Museums and Galleries on Merseyside. The former Midland Railway Goods Depot occupies a triangular site in the Queen Square area at the centre of the city.

It is a very impressive brick and stone block with a fine curved facade articulated with rows of tall arched windows. When fitted out, it will house the world's largest Conservation Centre for works of art.

Taking good care of works of art is a serious business. The National Museums and Galleries on Merseyside is a group of museums in and around a unique city.

As a collective of museums it represents the best of Liverpool's past and reminds us that Liverpool is a very special place.

The city became prosperous and cosmopolitan in the nineteenth century because of its great port and waterfront on the Mersey. Cotton for the Lancashire mills and a rich Atlantic trade brought money and shipping fortunes.

All this is represented in the remarkable range of civic architecture - very fine by any standards.

It was a brave step for the group of museums to decide to take on this listed Grade 2 building which had been much neglected.

It was built in 1874 to the designs of Liverpool architects Culshaw and Summers. It is a confident Victorian commercial

presence with its large scale detailing and massive stone cornices and pilasters.

Liverpool has a tradition of almost cyclopean architecture. The Albert Dock by Jesse Hartley is the finest example, now thankfully well preserved. The grandism strikes the visitor as you arrive at Lime Street and walk out into the civic centre dominated by the glorious classicism of St. George's Hall. This civic hall, concert room and law courts dates from 1838 and was the result of a competition won by Harvey Lonsdale Elmes when he was only 25.

Youthful competition winners constitute a Liverpool tradition. Giles Gilbert Scott was only 21 when he won the competition to design the Anglican cathedral in 1903. It remains one of the finest twentieth century gothic buildings.

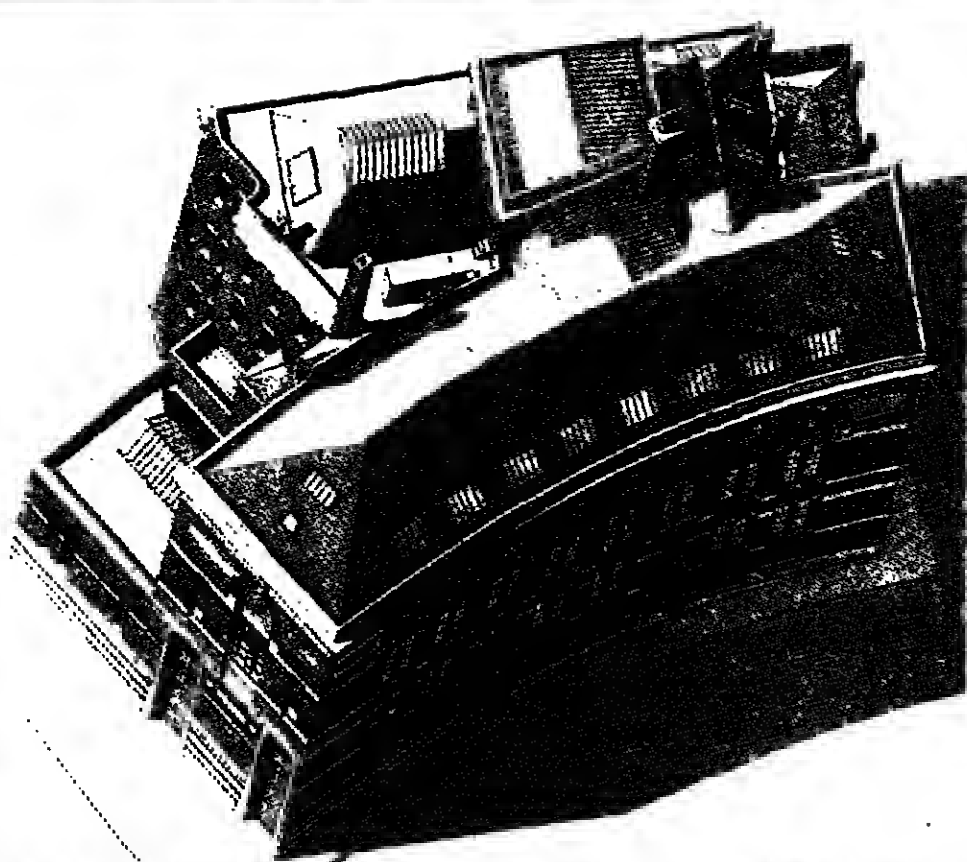
It was right for the city's museums to decide to bring new life to an old building and the conversion by the architect Ken Martin is a triumph.

He saw the point of the epic scale of the building and this will be appreciated by the visitor to the Conservation Centre.

The new entrance hall and exhibition gallery is dominated by two sculptures, Eros by Alfred Gilbert and the Spirit of Liverpool removed for its own protection from the portico of the Walker Art Gallery.

That part of the new centre is the public area with a cafe and exhibition gallery. The rest of the centre with its complex of restoration activities will also be open for public tours.

The architect described the



The former Midland Railway Goods Depot: impressive brick and stone block with a fine curved facade. It will house the world's largest Conservation Centre for works of art.

building as "epic". That quality gives it the scale to house and manoeuvre massive paintings and sculptures into the laboratories for conservation. The place is really a hospital and convalescent home for works of art.

They will be wheeled in from one of the museums; they may have to pay a visit to the X-Ray department and then be cleaned up or have missing parts restored. The skilled doctors and nurses will have ideal conditions for carrying out their facelifts and gentle surgery.

Beautifully lit and scaled rooms for the conservation of paper, textiles, wood, metal, stone and paintings make this Europe's finest conservation centre.

The famous Professor

Charles Reilly, who taught architecture at Liverpool University from 1904-1933 described this building as "one of the best buildings in the town" with its "cliff-like wall, in a good dark brick, articulated with a row of fine arched windows, and... crowned with a strong stone cornice." The new use would also have delighted him.

The apparent strength of the exterior of the warehouse was not borne out by the interior and many of the cast iron beams and brick vaults were cracking or falling. Much of the interior is therefore new but it respects the scale and spirit of the old. Huge access corridors mean allow easy movement of large paintings and objects.

This will be the first centre of conservation regularly open to the public, with a compre-

hensive educational programme.

The Conservation Centre is at the heart of the redevelopment of the Queen Square part of Liverpool where Neptune Developments plans a hotel and store.

The city is building new Council offices in the former Daily Post and Echo building. It is a "City Challenge" scheme which enabled the Conservation Centre to qualify for an Urban Programme grant of £2.2m.

The cost of the centre is some £7.2m and offers opportunity for a benefactor to find the last £350,000 for the centre's completion.

Private benefaction has already been very generous, surely because it is such an imaginative and also such a sensible scheme for the museums and the city of Liverpool.

If ever there was a case for OFSPORT

In the wake of OFWAT, OFTEL and OFGAS should the public expect, nay demand, that the British government gives us OFSPORT?

The intriguing thought comes from Sir Paul Fox, in the wake of Europe's great Ryder Cup victory. We were discussing the sorry fact that Sky TV's monopoly on the TV coverage from Oak Hill meant that no more than 2m British fans saw their team's apine-tinting triumph.

Huge interest was there. At the other end of the electromagnetic spectrum the BBC's sterling Radio Five pumped out nearly eight hours a day of putt-putt coverage and saw a big rise in audience figures.

Yet on television the terrestrial broadcasters were restricted to a few seconds of news footage of hugs and tears on the 18th green. "I suspect that the last round of singles would have drawn 7m plus viewers if it had been available on either of the BBC channels," mused Fox, once a senior executive in both public service and commercial television and now one of Britain's shrewdest observers of sport on the box.

In fairness to the "Auntie BBC", this was not one of those occasions where she clutched her handbag too tight and refused to bid enough for a major sport event. The PGA's European Tour sold this year's Ryder Cup (plus the 1997 and 1999 contests) to Sky as part of a major deal that included many weekday tournaments. The Corporation's golf producers were frustrated that they were not even offered a highlights package. "The truth is we were never given a chance to bid," said one. "A lot of viewers were disappointed but we'd like them to know that it's not our fault."

Enter OFSPORT? After all, if the UK government feels that the consumer needs a regulator to protect them from overbearing corporations in so many fields, why not the TV allocation of scarce sporting resources? "Do we need a little group of wise men and women set up to deal with these things?" said Fox. What I wanted to know was why market forces could not work for benefit of the largest consumer groups? After all, in the US the Ryder Cup was shown on NBC, a network channel, despite the existence of dedicated cable sports channels and even one that shows nothing but golf. NBC simply thought the Ryder Cup a big enough audience-grabber to outbid the opposition and broadcast it free.

NBC's attitude to sport is interesting. The company paid \$450m (£294m) for the American TV rights to next year's Olympics in Atlanta. With 10 months to go, the network reports advertising sales of \$600m and is already in profit. Coca Cola alone has committed



KEITH WHEATLEY

\$80m, with a 30-second "ad spot" costing up to \$500,000. Six weeks ago NBC staged a remarkable coup in securing the Olympic TV rights to both Sydney 2000 and Salt Lake City 2002.

It is worth recounting the story of how they did it. Network boss Dick Ebersol flew to Gothenberg (where the IAFF world championships were under way) from New York on a hunch, and pitched his novel summer/winter Games package to Juan Antonio Samaranch,



Sky high: Ryder Cup win

president of the International Olympic Committee. Samaranch liked the proposal enough to suggest that Ebersol fly direct to Montreal to talk with IOC vice-president and TV specialist Dick Pound. Pound crunched the numbers, liked what he saw, and the deal was done via a conference call back to Gothenberg.

Of course, the sums involved are beyond the ambit of British TV, but surely the point is that a non-specialist network saw the crucial importance of sport in keeping large audiences.

Fox agrees that the BBC has an obligation to provide major sport as part of its "contract" with the licence-holder. "But they simply don't have the financial resources to go up alongside Sky Sport," he

warned. In his Wheldon Lecture, given last month to the Royal Television Society, Fox considered the problems posed by the protection of "listed" sports events over the next few years. In Britain the Broadcasting Act 1990 gives statutory form to what was previously a voluntary agreement that all citizens should have television access to these. They are: the English and Scottish Cup finals, the Grand National and the Derby, the home Test matches, the Wimbledon finals, the football World Cup and the Olympics.

Yet since the Act only prevents "pay-per-view" coverage of these contests, subscription satellite channels such as Sky are quite able to bid - and exclude partners as they have done with the Ryder Cup. The Football Association's Cup Final deal with the BBC runs out after two more matches. The FA are already in bed with Sky over the Premier League, and awash with the broadcaster's money. The Cup Final could sell millions of dishes and subscriptions. Wimbledon is secure with the terrestrial broadcaster until 1999, when the contract with the All England Club expires. Sky have made no secret of its interest and the hugely profitable tournament pumps over £10m (£15.5m) a year back into grass-root tennis, so the organisers could argue that extra cash from Sky would benefit the players. But not the majority viewer (only 30 per cent of homes have Sky).

And what of sports that are not on the "list"? Formula One is addicted to cash and its agreement with BBC1 for the Grand Prix series has only one more year to run. The Sunday afternoon sport of millions of armchair Schumachers may be over in 12 months or so.

Fox is adamant that there is no practical chance of extending the number of protected events. He believes it would simply become a "wish list" if one tried. Formula One, the Open, and the Ryder Cup for example came along too late to be inside the walls of the fort. Yet he is keen that the prohibition against pay-per-view be extended to include satellite broadcasting.

At Brighton last week the Labour conference committed themselves to making that change if they take office. There is a feeling they would like to go further but can see no mechanism. Yet the problem is real enough and, according to Fox, political rather than purely sportsbiz. "At the end of this year there is every likelihood of Frank Bruno being the BBC's sport's personality of the year, the Ryder Cup players taking the team award, and the BBC able to show neither the fight nor the match," reflected Fox. "It brings home the paucity of its offerings."

Bank of Valletta
Group of Companies

FINANCIAL INVESTIA

MEDITERRANEAN
FORUM
UNIVERSALE
MALTA



FINANCIAL TIMES
GROUP

The Forum Foundation and the Government of Malta

are organizing, under the official patronage of the European Council, the European Union, UNIDO and a number of Heads of State and of Government, an international meeting:

Mediterranean Crans Montana Forum
12 October 1995 - 15 October 1995
Malta

These are some of the confirmed VIP Personalities attending the Mediterranean Crans Montana Forum

Mr Sali Berisha
President of the Republic of Albania

Mr Ahmed Benbitour
Minister of Finance of Algeria

Mr Levon Tar Petrossian
President of the Republic of Armenia

Mr Yassar Arafat
President of the Palestinian Authority

Mr Muhammad Sacirbey
Minister for Foreign Affairs of Bosnia Herzegovina

Mr N Valentinc
Prime Minister of Croatia

Mr M Mahmoud Bayomi
Minister for Economy and External Commerce of Egypt

Mr Lennart Meri
President of the Republic of Estonia

Mr Alain Juppé
Prime Minister of France (via satellite)

Mr E Alphandery
Former Minister for Economy of France

Mr Jean D Tordjman
Delegate Ambassador for International Investment in the Ministry of Economy of France

Mr O Passasias
Prime Minister of Georgia

Mr D Oddson
Prime Minister of Iceland

Mr Ali A Valayari
Minister of Foreign Affairs of Islamic Republic of Iran

Mr J M Al-Oun
Minister for Telecommunications, Electricity & Water of Kuwait

Mr Adelfas Slesevicius
Prime Minister of Lithuania

Mr Kiro Gligorov
President of the Y.F.R. of Macedonia

Mr Hamsa Kettani
Minister for Post & Telecommunications of the Kingdom of Morocco

Mr Valeriu Bulgari
Deputy Prime Minister of Moldavia

Mr G Kolodko
Deputy Prime Minister & Minister of Finance of Poland

Mr Ion Iliescu
President of Romania

Mr Andrei Kosyrev
Foreign Minister of Russia

Mr J Dmosek
Prime Minister of Slovenia

Mr M Ghannouchi
Minister for International Cooperation & Investment of Tunisia

Mr Zoran Lilic
President of the Federal Republic of Yugoslavia

Other International Personalities

Mr A Napolitano
Ambassador Sanctions Coordinator at the European Union & OSCE

Mr H Strasser
Secretary General for the International Danube Commission

Mr M de Maria y Campos
Director General for Unido

Mr Federico Mayor
Director General for UNESCO (via Satellite)

International Moderator

Mr Jacques Atrali
President of A&A France

For information and registration:

Fondation du Forum Universale
3, Cours-de-rive - 1204 Geneva (Switzerland)
Tel: 41-22-310.93.95 Fax: 41-22-310.99.05 Telex: 425 052 FOND-CH

More information on the Internet available at:

<http://www.u-net.com/mcmforum>

After eleven years together, we've decided to tie the knot.

FT-SE
INTERNATIONAL

The Financial Times and the London Stock Exchange have been partners in the calculation of indices since 1984 when we created the FT-SE 100 Index which has since become the dominant benchmark of the London stock market.

Around it we have grown a family of other FT-SE indices which collectively represent one of the most influential index groupings in the world. We have now put our partnership onto a more formal footing by establishing a jointly owned company, FT-SE International, which is expected to be operational by the end of November.

A closer relationship will allow the new company to manage the indices even more effectively than before, enabling us to meet the demands of the financial community in the future. For enquiries, please telephone 0217 797 4400.

*This announcement is made by the Financial Times and the London Stock Exchange.
FT-SE is a registered trade mark of the London Stock Exchange and the Financial Times Limited.

مكتبة الأصيل

OPENINGS



WASHINGTON
The long and brilliant English career of American painter John Singleton Copley is revealed in an exhibition of 30 masterpieces of history painting and portraiture (left). Copley left the US in 1774 and settled in London, where he spent the last four decades of his life. The centrepiece of the exhibition, which opens on Wednesday, is one of the most stirring history paintings of the 18th century, "The Death of Major Peirson".

LONDON
The comedian Eddie Izzard, who this year ventured into classic theatre as Marlowe's Edward II in Leicester, takes over the Shaftesbury Theatre for two months from Thursday. Stephen Daldry, artistic director of the Royal Court Theatre, has returned after almost two years to what he is best known for: directing new productions of old plays. His new staging of Ron Hutchinson's 1984 play "Rat in the Skull" opens at the Duke of York's Theatre on Wednesday. The production also marks the return of Rufus Sewell, now popular for his TV work in such series as "Middlemarch", to the London stage after two years.

ARTS

KYOTO
The Kyoto Concert Hall was built to mark the 1200th anniversary of the founding of the city of Kyoto. The Orchestre de Paris, conducted by Semyon Bychkov, will give the opening concert on Sunday, launching a series of 29 inaugural events. Other visiting orchestras in coming weeks include the Vienna Philharmonic with James Levine and the NHK Orchestra with Wolfgang Sawallisch.



PARIS
The ever-joyous Zizi Jeanmaire (left) appears in an evening of songs, accompanied by the dancers of Roland Petit's ballet National de Marseille. "Zizi au Zenith" is both title and location. Zizi, in stunning form, will inevitably also deploy those fabulous legs among "see boys" to remind her myriad fans of what it is to be a star. Marie McLaughlin stars in a new production of Weill's "Mahagonny" at the Bastille, opening on Saturday. She first sang the role of Jenny three years ago to great acclaim in Geneva. She returns to it in a new production by Graham Vick, designed by Maria Bjornson and conducted by Jeffrey Tate. The cast also includes Felicity Palmer and Kim Begley.

Schoeck shocks the Swiss

Andrew Clark considers the composer's life and work

It all boils down to sex, money and politics. The normally placid waters of Swiss musical life have been disturbed by a new biography of Othmar Schoeck (1886-1957), the greatest composer Switzerland ever produced. The book, written by a young British musicologist, Chris Walton, scratches the shiny surface of Schoeck's reputation. It reveals him as a promiscuous and irresponsible egotist, a man who constantly put self-interest above moral principle.

So what's new? Schoeck was not the first creative artist to combine an appalling personality with extraordinary talent. The significance of Walton's findings is that we can understand the music better by learning the true facts about the man. Previous biographers - people who knew Schoeck personally - were involved in a tacit cover-up about the less palatable aspects of his life. Given the sudden decline in Schoeck performances after his death, negative criticism among his followers and admirers was regarded as heresy. Thanks to Walton, the black-and-white character they portrayed has emerged in much more complex colours.

Publication of the book coincides with a revival of interest in Schoeck's music. There are more performances now than at any time since the 1960s, partly because of a general surge of interest in the conservative music of this century. Also, the generation of people who saw Schoeck as the "last great Romantic" and felt a link between his music and their own youth, is dying away and a new generation is growing up, less inhibited by the past, and ready to make an evaluation based on the quality of the music rather than on vested interests.

Since the early 1980s there has been a steady trickle of Schoeck opera productions in Switzerland, Austria and Germany. Important historical recordings from the archives of Zurich Radio are being released on CD, including one with Schoeck as piano accompanist. And interpreters from outside the German-speaking

world are at last showing an interest. A British conductor, Howard Griffiths, has begun to record the choral and orchestral music. Some well-established American singers are involved in a project to record all the Lieder.

It is for his Lieder - works which continued the German Romantic tradition of putting poetry into song - that Schoeck is best remembered. He composed hundreds of settings of Eichendorff, Goethe, Heine, Keller, Mörike and others, many of them sombre and introspective, with a distinctive brand of harmonic astringency. All are testimony to his expert craftsmanship.

But like his idol Hugo Wolf, Schoeck wanted to be more than a "mere" song composer. A handful of other works - notably the opera *Penthesilea* from his avant-garde period, the Cello Concerto from the final years - are truly inspired. But was Schoeck a genius on the level of Strauss and Stravinsky, as previous biographers claimed? No, says Walton. "Schoeck was irrelevant to the mainstream issues of 20th century music". He deserves to be played, but not to be worshipped.

Swiss reaction to the new biography has focused on the sensational aspects. Some newspapers accused Walton of voyeurism, while others happily picked over Schoeck's sex life. Schoeck was hokey, bucolic, ready to bed any girl who fell under the charm of his piano-playing and unconventional personality. Before marrying at the age of 39, he had two long affairs, each of which ended with a burst of creativity and a string of brief liaisons. But Walton nails the rumours about Schoeck's homosexuality and marital infidelity, saying there is no evidence of either.

Other reviewers concentrated on Schoeck's links with Nazi Germany, a touchy subject for all German-speaking Swiss with memories of the war. Like many of his compatriots then and now, Schoeck was a Germanophile who condemned Nazism but forgot his ideals when money was at stake. He had Nazi friends, he



Othmar Schoeck: conservative music, unconventional personality

accepted politically-tainted awards and pursued his career in wartime Germany because he stood to gain financially. It is not surprising that this side of his life had to wait to be aired: Schoeck's first biographer, Hans Corrodi, was himself tarred with the Nazi brush. Walton concludes that as in the case of Strauss, "the dividing line between political naivety and shrewd self-interest is impossible to discern". Unlike fellow Swiss composers Honegger and Frank Martin, who established themselves abroad, Schoeck preferred to be a big fish in a small pond, conducting choral societies in Zurich and St Gall in the interwar years instead of swimming with the European tide.

Does any of this matter? Well, yes - because, as with so many other composers, Schoeck's life and work were intertwined. *Venus*, his opera about a man infatuated with a status, was inspired by his love for the young pianist Mary de

Senger. The composition of *Vom Fischer im syner Fru* - about a nagging wife who always wants a bigger home - coincided with a period when Schoeck's wife Hilde was constantly complaining about their small Zurich flat.

His avant-garde experiments of the 1920s followed visits to the ISCM festival in Salzburg and to Paris, where he heard the premiere of Stravinsky's *Les Noces*. Schoeck may have been an embittered anti-modernist in later life, but dissonant works like the song-cycle *Lebendig begraben* (1926) show him eager, however briefly, to speak the language of the day. The songs and absolute music of his final years reflect his loneliness, depression and nostalgia for lost youth.

By removing Schoeck's halo, Walton has made him human. The book offers some fascinat-

ing nuggets. One of Schoeck's Sudermann settings went down with the Titanic, victim of the careless way in which he left manuscripts. Although he often conducted *Das Lied von der Erde*, Schoeck likened Mahler to "a gorilla, driven mad by fleas and scratching himself all over". Hilde Schoeck told her husband that Massimilla Doni, the heroine of his penultimate opera, was his "dream woman", because he wanted a Madonna and whore in the same person.

The biography's only weakness is its lack of detailed musical analysis. That was outside the brief of the Oxford doctorate on which it is based. What we need now is an English version and a comprehensive study of the music. With luck, the Schoeck revival has only just begun.

Othmar Schoeck: Eine Biographie, by Chris Walton. Atlantis Musikbuch-Verlag, Zurich and Mainz: Sfr.68, 412pp.

Theatre: class division and political scandal

Small lives, Big Houses

As *The Steward of Christendom* garners acclaim at the Royal Court in London, Sebastian Barry's previous play opens in the Dublin Theatre Festival a year later than intended. It is another fictional reinvention of one of Barry's forebears - a late-Victorian music-hall artiste - but where *The Steward* exhibited a fierce concentration, *The Only True History of Lizzie Finn* does not sprawl so much as lounge.

The play focuses on a world largely ignored by 20th-century Irish drama, that of the rural "Big House". Lizzie, performing in Weston-super-Mare, is wooed in unorthodox, even distracted fashion by a fellow Kerryman returned from the Boer War and haunted by his experiences in Africa. Won over by his "wildness", it is only on her arrival in Ireland that she realises he is of the landlord class, one of those whose rent demands led to her own family's rootlessness.

Barry is more subtle than to render this conflict brutally explicit, delineating instead the gentry's cool reception of Robert Gibson's "dancing woman" and Lizzie's own often frustrated desire to communicate as an equal with the servants. Casual references are made by others to "my man"

or "the people", as if the grand folk are above such common humanity, but the new Mrs. Gibson is keenly conscious that she is of those people.

Patrick Mason's staging recreates both the world of "the halls" and of the "Big Houses" at great and stylised length, adding perhaps half-an-hour to the running time as Barry obligingly includes a sequence from Colonel Cody's Wild West Show and two separate showcases for performer Birdy Sweeney's avian impressions.

The production moves at the leisurely pace of an historical novel; life in a Big House was hardly frenetic, as any Chekhov play will attest, but these events do not attain Chekhovian intensity. In a fine social touch, the Gibsons are ostracised not for Lizzie's low origins but because Robert, having lost three brothers in the Transvaal, "crossed to Kruger". However, we are expected to take pleasure in the story rather than the drama, in moments such as Fionnuala Murphy's scene-stealing appearances as the simple-minded maid Theresa.

The poetry of *The Steward* is also much less in evidence. Occasional glittering lines surface with a self-conscious air, and Joan O'Hara's nicely reserved performance as Lady

Gibson culminates in a coldly shimmering account of being turned away from the chapel, but this time Barry cares more about his large canvas than linguistic detail.

Loreen Cranitch finds a skillful path through the several thickets of Robert's character: his class, the life-changing legacy of his African years, the flashes of fire and underlying nobility of spirit. He carries more of the play's weight than he should have to since Alison Deegan's Lizzie is somewhat lightweight; whether by accident or design, she wears a permanent gloss of "performance".

Event the closing scene, mourning Lady Gibson and family retainer Barry, comes over as disappointingly hitless. Its effect is to cheapen the play's ending, implying that social divisions, the underestimated hardships of the gentry in an age of rent strikes and other difficulties can all be overcome by an honest love. It is Barry's misfortune that *Lizzie Finn* should be produced only now that we know he can attain much greater heights and depths.

Ian Shuttleworth

Abbey Theatre Dublin until November 4 (00 3531 878 7222).

Far from ideal husbandry

Salisbury Playhouse is crammed ignobly behind C&A, between Whitshire County Hall and a multi-storey car park. Its auditorium, however, has been smartly refurbished. The last artistic director, Deborah Paige, mounted challenging seasons of work, trumpeted as *success d'artiste* by one theatre critic. Apparently, her programme proved less popular at the box office and with the board. Exit Paige for the Sheffield Crucible.

Enter tyro regional director, 28-year-old Jonathan Church. His first season is bullish in its orthodoxy. Oscar Wilde's *An Ideal Husband*, Miller's *The Crucible*, a *Cinderella* Christmas pantomime, and Ayckbourn's *The Norman Conquests* - but with appealing idiosyncrasies: a premiere of a new Jack Shepherd comedy and the audacious entrusting of his inaugural production to a novice director, the wry comic performer Nicholas Le Provost. If only one could report that it proves ideal husbandry.

Sir Robert Chilton MP, under-secretary for Foreign

affairs, is the ideal husband. His lavish house in Grosvenor Square (adorned with icing-sugar pillars - of society? - in Charles Cusick Smith's too spacious set) is testament to the stability of his wealth, the steadfastness of his unimpeachable career. But superbitch Mrs Cheveley arrives from Vienna intent on gaining his support for her fraudulent speculation in the Argentine canal project.

She blackmails him. As a young diplomat, he sold secret cabinet papers abroad to a profiteering baron. He was seduced by a "philosophy of power... a gospel of gold". With the money he was established and could pursue his political ambitions. "It is your splendid position that makes you so vulnerable", she taunts.

Though we are bemused by the social milieu - on its opening night 100 years ago it held an *amusing mirror up to its* audience which included the Prince of Wales, Balfour, Chamberlain and other cabinet ministers - we are delighted by the resonance of decadent Victorianism in our own sleazy times. But this is

not enough to sustain our enthusiasm for a shrew-witted production.

The two lead performances disappoint. Rupert Bates' moustachioed Sir Robert starts so meekly that the threat of scandal and compromising himself in the eyes of his wife just seem upsetting rather than cataclysmic (the drama, after all, is dependent on the personal and political stakes being high). Elli Garnett as Mrs Cheveley stumbles and stutters. Falttering delivery is anathema to Wilde.

One hopes nerves will settle, because there are some honest performances from Zoe Aldrich as Sir Robert's fractious wife, the fine Nicholas Boulton as his nonchalant confident Viscount Goring, and a nice comic turn from Gillian Hanna as old Lady Markby.

There is much solemnity to be explored in this darkest of Wilde's comedies. One hopes that Church will now pursue his season with as much attention to production achievement, as programming aspiration.

Simon Reade

INTERNATIONAL ARTS GUIDE

AMSTERDAM

OPERA/BALLET
Het Muziektheater Tel: (020) 551 8922
● Moses and Aaron: by Schoenberg. A new production directed by Peter Stein and conducted by Pierre Boulez. Soloists include David Pittman-Jennings as Moses and Chris Merritt as Aaron; 8pm; Oct 9, 12, 15 (1.30pm), 17 (3pm).

BALTIMORE

CONCERTS
Symphony Hall Tel: (410) 783 8000
● Baltimore Symphony Orchestra: Christopher Seaman conducts Bach, Villa-Lobos, R. Strauss and Schumann; 8pm; Oct 13, 14, 15 (3pm).
● The Philadelphia Orchestra: Wolfgang Sawallisch conducts Wagner's "Faust Overture", "Symphony No. 2" and "Rienzi Overture" and Beethoven's "Symphony No. 4"; 7.30pm; Oct 11.
GALLERIES
Baltimore Museum Tel: (410) 396 8310

● Celebrating Calder: sculpture, jewelry, drawings and tapestries by 20th century artist Alexander Calder; to Jan 7.
● Parallels and Precursors: 19th century French art from the George A. Lucas Collection. The exhibition highlights the parallels between the Lucas Collection and permanent collections in the BMA and the Walters Art Gallery with more than 100 pieces by artists such as Monet, Matisse and Picasso; to Oct 15.

BERLIN

OPERA/BALLET
Deutsche Oper Tel: (030) 34384-01
● Götterdämmerung: By Wagner. Conducted by Jiri Kout and directed by Götz Friedrich, this performance concludes the complete cycle; 5pm; Oct 15.
● Madame Butterfly: by Puccini. Conductor Sebastian Lang-Lessing, production by Pier Luigi Samaritani; 7.30pm; Oct 13.
● Siegfried: by Wagner. Conducted by Jiri Kout and directed by Götz Friedrich; 5.30pm; Oct 12.

LONDON

CONCERTS
Queen Elizabeth Hall Tel: (0171) 928 8800
● London Mozart Players: with pianist Cécile Ousset. Matthias Bamert conducts Mozart, Fauré, Saint-Saëns and Bizet; 7.45pm; Oct 11.
Royal Festival Hall Tel: (0171) 928 8800
● Philharmonia Orchestra: with pianist Andrés Schiffré. Kurt Sanderling conducts Beethoven's "Piano Concerto No. 1" and "Piano

Concerto No. 5 (Emperor)"; 7.30pm; Oct 11.
● The London Philharmonic: with pianist Rolf Hind. Franz Weller-Möst conducts Sibelius's "Finlandia" and "Symphony No. 1" and Rueda's "Piano Concerto"; 7.30pm; Oct 10.
● The London Philharmonic: with soprano Rosalind Pownall and the London Philharmonic Choir. Roger Norrington conducts Beethoven; Gluck, Weber, Berlioz and Spontini; 7.30pm; Oct 15.

GALLERIES
Photographers Gallery Tel: (0171) 831 1772
● Appeal to this Age: photographs of the American Civil Rights Movement by artists such as Gordon Parks and James Karales; to Oct 14.
Royal Academy Tel: (0171) 439 7438
● Africa, the Art of the Continent: extensive exhibition with objects dating from 27,000 BC to the present; to Jan 21.
Saatchi Tel: (0171) 624 8299
● Young British Artists V: works by Kerry Stewart, Glenn Brown, Keith Coventry and Adrian Pigott; to Dec 30.

OPERA/BALLET
Royal Opera House Tel: (0171) 304 4000
● The Marriage of Figaro: by Mozart. Conducted by Bernard Haitink/David Syrus and directed by Patrick Young. Soloists include Felicity Lott/Cheryl Studer, Andrea Ross/Barbara Bonney and Robin Legg/Ryland Davies; 7pm; Oct 10, 13, 16.
● Tosca: by Puccini. Conducted by Simone Young and directed by Jeremy Scaife. Soloists include Galina Gorchakova, Johan Bohla

and Francis Egerton; 7.30pm; Oct 9, 12, 17.
THEATRE
Donmar Warehouse Tel: (0171) 369 1732
● The Glass Menagerie: by Tennessee Williams, directed by Sam Mendes. Cast includes Zöe Wanmaker and Claire Skinner; 8pm; to Nov 5.

LOS ANGELES

GALLERIES
Museum of Contemporary Art Tel: (213) 628 6222
● Division of Labour, Women's Work in Contemporary Art: paintings by male and female artists are used to explore issues of gender in artmaking; to Jan 7.

MADRID

GALLERIES
Fundación Arte y Tecnología Tel: (041) 522 6645
● Incorporate: Installation by Daniel Canogar; to Oct 29.

NEW YORK

CONCERTS
Alice Tully Hall Tel: (212) 875 5050
● Lincoln Center Jazz Orchestra: Wynton Marsalis conducts a programme that includes Ellington, Monk and Mingus; 8pm; Oct 16.
Carnegie Hall Tel: (212) 247 7800
● New Orleans to Now: with the Carnegie Hall Jazz Band, this concert gives an overview of the history of jazz from early New Orleans through the swing years of bebop; 8pm; Oct 12.
● The Met Orchestra: with bass

baritone Bryn Terfel. James Levine conducts Mahler's "Kindertotenlieder" and "Symphony No. 8"; 3pm; Oct 15.
GALLERIES
Guggenheim Tel: (212) 423 3500
● Claes Oldenburg: an anthology of works by one of the key figures of Pop art in the 1960s. This exhibition includes a new piece entitled "Shuttlecock"; to Jan 14.
Metropolitan
● Rembrandt/Not Rembrandt: 22 Rembrandt fakes are compared with 18 genuine articles; to Jan 7.
Museum of Modern Art Tel: (212) 708 9480
● Annette Messager: retrospective of the French artist consisting of books, photographs and installations that demonstrate how all things can represent objects of expression; from Oct 12 to Jan 18.

PARIS

CONCERTS
Champs Elysées Tel: (1) 49 52 50 50
● José van Dam: bass baritone accompanied by pianist Maciej Pikulewski plays Schubert's "Le Voyage d'Hiver"; 8.30pm; Oct 14.
● National Orchestra of France: with bass baritone José van Dam. Serge Baudo conducts Berlioz, Debussy, Massenet and Wagner; 8.30pm; Oct 17.
● Symphony Orchestra of Taipei: with pianist Nelson Freire. Cju-Sen Chen conducts Rachmaninov's "Concerto for Piano and Orchestra No. 3" and Stravinsky's "L'Oiseau de Feu"; 8.30pm; Oct 9.

GALLERIES
Centre Georges Pompidou Tel: (1) 42 77 12 33

● Man Ray: recreation of the atmosphere of Ray's post war war two workshop where he produced various furniture. This exhibition consists of paintings, drawings and photographs from the workshop archives; to Jan 29.
● Surrealistic Designs: vision and technique. About 60 masterpieces by artists such as Ernst, Masson, Brauer, Dalí, Miró and Picasso; to Nov 27.

WASHINGTON

CONCERTS
Kennedy Center Tel: (202) 467 4600
● National Symphony Orchestra: with pianist Horacio Gutierrez. Raymond Leppard conducts Brahms' "Tragic Overture" and Schubert's "Symphony No. 4"; 7.30pm; Oct 12, 13, 14.
● Washington Chamber Symphony: Stephen Simon conducts Vivaldi, Argento and Haydn; 7.30pm; Oct 13, 14.

GALLERIES
National Gallery Tel: (202) 737 4215
● A Great Heritage: Renaissance and Baroque drawings from Chatsworth consisting of 105 works by artists such as Rembrandt, van Dyck and Raphael; to Dec 31.

OPERA/BALLET
Kennedy Center Tel: (202) 467 4600
● Suzanne Farrell Staged Balanchine: an evening of George Balanchine choreographed pieces performed by the Washington Ballet. The programme includes "Chaconne", "Slaughter on 10th Avenue" and "Tzigane"; 8pm; Oct 17.

WORLD SERVICE

BBC for Europe can be received in western Europe on Medium Wave 648 kHz (463m).

EUROPEAN CABLE AND SATELLITE BUSINESS TV

(Central European Time)
MONDAY TO FRIDAY
NBC/Super Channel:

07.00
FT Business Morning

10.00
European Money Wheel
Nonstop live coverage until 14.00 of European business and the financial markets

17.30
Financial Times Business Tonight

Midnight
Financial Times Business Tonight



At frequent intervals, various policy instruments are heavily promoted among the financial talking classes and equally heavily opposed, only to be quietly forgotten as the next fashion comes to dominate.

One of the most recent of such fashions is currency boards as an instrument for monetary stability. So far from being a new invention, or the idea of a mad professor, they are among the most venerable of financial institutions. They originated in the British empire and arose from the desire of colonial administrations to tie local currencies firmly to sterling while economising on the use of sterling notes and coins. The first embryonic currency board was created in Mauritius in 1949.

As colonies gained independence in the 1960s it looked as if currency boards would be relegated to the dustbin of history. Indeed nearly all the newly independent countries proudly replaced their boards by central banks. But history has its funny twists and recently there has been a revival of interest. Such boards are suggested as a model for countries wanting to tie their currencies securely to that of another more stable currency, such as the dollar or the D-Mark, which then acts as an anchor for financial stability. The argument is that a link via a currency board is better able to stand up to speculative pressures than exchange-rate pegs administered by central banks as prevailed under the postwar Bretton Woods arrangements or under the European monetary system.

The Estonian currency board, established in 1992, is a notable recent example. The country has been much the most successful of the former Soviet republics; and the Estonian krona has maintained its value against the mark even when established currencies such as sterling, the dollar and the franc have depreciated.

Currency board advocacy received a fresh wind after the run on the Mexican peso early this year, which forced a severe depreciation of that currency, accompanied by one of the all-too-familiar international rescue packages. At the same time the Argentine peso, which has been linked to the dollar by arrangements very like a currency board, maintained its value, despite some anxious moments. Yet Mexico

Samuel Brittan

A rescue from the dustbin of history

Country/territory	Date of establishment	Population (July 1994)	Currency peg
Argentina	1991	33,812,994	US dollar
Bermuda	1916	61,156	US dollar
Brunei	1967	284,653	Singapore dollar
Cayman Islands	1972	31,790	US dollar
Estonia	1992	1,016,882	D-Mark
Falkland Islands	1989	2,261	Sterling
Faroe Islands	1940	48,427	Danish krone
Gibraltar	1927	31,684	Sterling
Hong Kong	1983	5,548,754	US dollar
Lithuania	1994	3,848,389	US dollar

As of July 1995. Source: Williamson

still declines to set up a currency board. A few years ago the Bundesbank indignantly rejected any thought of a currency board for the eastern Länder as an insulting suggestion of colonial status. The Czech government made the same decision for its currency.

A modern currency board is designed to limit the issue of base money. The latter is defined as notes and coins (often called "cash") and may also include some of the reserves held by commercial banks at the board.

This base money is issued only in return for the chosen reserve currency. The theoretical attraction of a currency board is that - unlike a central bank - it will always be able to convert its cash liabilities into the reserve currency, as they are covered at least one-for-one. This is in contrast to a central bank which may want to shadow, say, the D-Mark but will be unlikely to have sufficient hard currency reserves to guarantee convertibility at the chosen exchange rate.

Unlike central banks, currency boards cannot print money. They have little or no discretion in monetary policy to misuse for inflationary purposes. Moreover any incipient balance of payments deficit

or surplus is automatically taken care of by changes in the monetary base.

One paradox is that, although currency boards are an extreme example of a fixed exchange rate, they have been promoted vigorously by economists such as Sir Alan Walters and Steve Hanke who have been the most vigorous opponents of other kinds of exchange rate peg. Yet they have actively promoted currency boards in a number of different countries, even in preference to floating exchange rates.

The use of hard currency in Latin America and the former Soviet union provides sufficient pointers

It is inherently unlikely that currency boards are either a panacea or deserve the derision which was poured on them in the 1960s. We should all therefore be grateful for a cool analytical study by John Williamson, *What Role for Currency Boards?* (published by the Washington-based Institute for International Economics (11 Dupont Circle, NW, DC 20036)).

Logically the first question to ask is whether there should be an exchange rate link of any kind or whether some kind of floating is preferable. If an exchange rate link is chosen, the next question is: what form should it take?

Williamson points out that there are several alternative

forms of strong currency peg. These include complete unification, when another currency replaces a domestic currency as occurred in East Germany in 1990 and is still supposed to occur in parts of the European Union in 1999.

Another whole-hog approach is "dollarisation", that is the replacement of the domestic currency by the stronger currency, as gradually occurred in Panama. Short of that, there is the acceptance of a parallel currency which circulates legally alongside the domestic one, as the dollar circulates alongside the peso in the Argentine. As this example shows a parallel currency can exist alongside a currency board, as was normally the case in the British colonies with sterling.

Williamson is clearly worried that any rigid exchange rate link could make a country uncompetitive. He is therefore against currency boards for countries which are still far from completely open economies and where devaluation can still gain some short-term advantages.

He regards currency boards as basically instruments for a very small and very open economy. He believes they were desirable for Estonia and may be for the Kyrgyz Republic, Namibia and Palestine. He does not believe they should be tried in larger countries such as Mexico, Russia and the Ukraine. I am not nearly so sure about Mexico and the Ukraine, which might nevertheless benefit. The main difference between us is not over the mechanics of currency boards but on the desirability of a competitive exchange rate compared with using the exchange rate as an anchor for financial stability. Rather than rehearse this whole debate, I wish Williamson had gone into detail on the various kinds of exchange rate link he has listed and their pros and cons.

It is worth turning to history and common sense where economic analysis leads to too many permutations and combinations to be tractable. Where a country decides to go for a firm exchange rate link, a currency board will be most attractive where the reserve or anchor currency already has a strong hold and/or where the local currency is distressed. The widespread use of the dollar in many parts of Latin America and of various kinds of hard currency in the former Soviet empire provide sufficient pointers of the direction in which their policies should move.



Unisys is following its peers in restructuring, says Louise Kehoe

Unisys last week became the latest information technology company to adopt a "small is better" philosophy when it announced plans to split its operations into three independent business units.

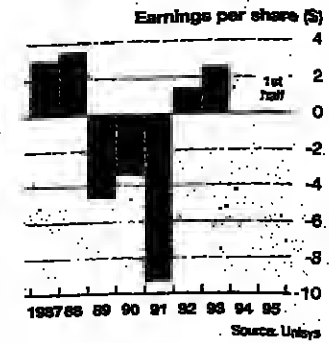
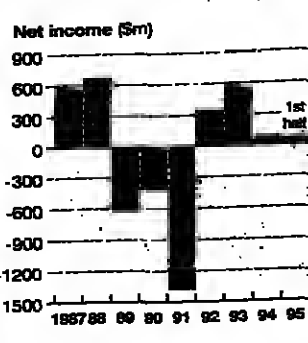
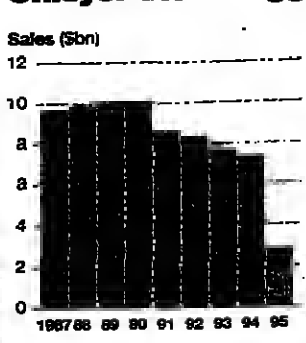
Unisys said that its systems and services businesses will be able to "compete more effectively and react more quickly" to growth opportunities. The restructuring follows similar moves at Digital Equipment, AT&T and Control Data as some of the largest information technology companies seek ways to compete more effectively with specialists such as Sun Microsystems in the computer workstation market and Compaq Computer in personal computers.

Unisys's restructuring marks a "defining transition point" for the company, says Mr James Unruh, chairman and chief executive. It also represents a reversal of the premise upon which Unisys was formed, nine years ago, when greater mass was seen as a strength in the computer industry.

Created in 1986 by the merger of Burroughs and Sperry, two of the oldest names in the industry, Unisys set out with heady ambitions to challenge IBM's world leadership in the computer market. Today, however, Unisys is less than one tenth the size of IBM. With revenues last year of about \$6bn (£3.8bn), after the sale of its defence unit, Unisys reported a modest profit on operations. However, analysts predict that it will break even, at best, this year.

Unisys has, nonetheless, become a leader among large computer companies in confronting fundamental technology changes that have enabled low-cost networked computers to undermine the profitability

Unisys: the struggle for success



Convert to a new philosophy

over the management and operation of a client's information technology systems, and systems integration, which involves putting together computers and software to create information technology systems, has been growing at more than 20 per cent a year.

The new global support services division includes traditional maintenance services, which are declining as a result of improvements in the reliability of computer technology. The growth opportunity in this sector is in network integration, or building large networks of desktop computers.

As independent business units, the services divisions will no longer carry the burden of product development costs. The restructuring will also give each business unit its own sales force.

Mr Unruh says: "We have come a long way in building these services businesses" since the company started to transform itself into an information services company five years ago.

The restructuring moves Unisys away from "matrix management" in which functional groups such as sales and marketing serve product groups in a complex interlocking management scheme. Explaining the shift, Mr Unruh said that the advantages of matrix management, such as eliminating duplication of effort in different product groups, are outweighed by the need for greater focus and speed within business units.

"The faster the cycle times of

a business - the product life cycles, the time required to respond to customers, and so on - the less you can afford to have a matrix structure, because matrix tends to slow things down," he says.

After the restructuring "we will be faster and more aggressive in executing our strategy of providing technology, applying technology and servicing technology in focused markets," he adds. Others in the information technology industry, such as Digital Equipment, have also recently come to the conclusion that matrix management is unworkable when competing against smaller, highly focused companies.

IBM also gave the "smaller is better" philosophy a try when it began to dismantle its highly integrated operations in the early 1990s under the leadership of Mr John Akers who planned to turn IBM into "a federation of increasingly independent business units".

Mr Lou Gerstner, who succeeded Mr Akers in April 1993, has reversed this trend, instead seeking greater collaboration among IBM's product groups. The computer industry leader is, nonetheless, focused increasingly on information services and realigning its sales force.

Unisys's experience would suggest that this is not enough, and that as IBM's management turns from cutting costs to building new businesses for profitable growth, it may need to revert to Mr Akers' plan.

Yet Unisys does not appear ready to take the more drastic step of spinning off some of its operations to give them true independence. Options that the restructuring creates do, however, according to Mr Unruh, include "complementary acquisitions, selective divestiture, new partnerships and other alliances".

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5338 (please set fax to "fine"). Translation may be available for letters written in the main international languages.

NTT fibre network target offers best example for Europe

From Mr Jonathan Solomon, Sir, Your report, "NTT to open local network" (September 29), may be underestimating the significance of the statement by Mr Masashi Kojima, president of NTT, in Tokyo on September 28. Mr Kojima said NTT was looking to the future of Japan and not to the past history of the US.

NTT is the only leading national telecoms carrier publicly committed to delivering fibre to the home by 2010. While the precise terms of access are not yet announced, by providing open access on equal and least cost (I assume)

terms to everyone as to NTT's own service entities, NTT's network, particularly its local distribution network, could become the vital national asset over which an exponential growth in information services could take place, raising Japan's productivity and quality of life to new levels on a universal basis earlier than elsewhere in the world.

In the broadband environment, local wireline competition for local wireline competition's sake, where universal service has already been achieved and where low-cost wireless access is increasingly

available, is not the optimal solution from the standpoint of the allocation of national resources.

Instead of asking Mr Kojima to look at the ever-changing US model, it may pay Europe to pause and examine the Japanese way before rushing Gdarene-like to follow yesterday's narrow-band models in the US. Jonathan Solomon, executive director, strategy and corporate business development, Cable & Wireless, 124 Theobalds Road, London WC1X 8RX, UK

Actually, the writing gets better

From Mr Mark Constantine, Sir, We note with appropriate humility and shame your comments in the Observer column ("Wheel of fortune", October 2) regarding the International Finance Corporation's abuse of the English language. Your writer quotes from the first page of our recently issued study *Principles and Practice*. Were we to do it over again, we would refrain from over-extended metaphors and unwieldy sentence structure.

We do hope you read on though. What follows our initial transgression is 83 pages of useful analysis based on our unique experience in the field, and... our English improves too.

Mark Constantine, manager, corporate relations, International Finance Corporation, 1850 I Street, NW, Washington, DC 20036, US

Perfect site

From Jean Granoux, Sir, I fully agree with your editorial "Stonehenge" (September 25) that this is a beautiful site. As an overseas visitor two years ago, I realised that the situation there was less than ideal. I believe it would be sensible to include Avebury in the single national project you mention. The whole place is the perfect location for something like a regional park.

On the other hand, I have reservations about your idea of the Stonehenge site being a serious candidate for private finance, given the commercial potential. Heaven knows what would become of it as a privately financed project. One Disneyland seems to be enough for Europe.

More seriously, I think the area encompassing Stonehenge and Avebury must not be privatised. It does not belong to English Heritage, nor to anybody. It belongs to us all. So please refrain from sponsoring the project of a private development.

Jean Granoux, 108, rue du Moulin des Prés, 75013 Paris, France

Gap in risk coverage needs to be filled

From Mr P.N.E. Ceuvorst, Sir, Your insurance correspondent, Ralph Atkins, reported on plans by some insurance companies to exclude pollution claims from may commercial insurance policies ("Alarm over possible curbs on pollution insurance", October 2). He quoted a spokesperson for the Association of Insurance and Risk Managers as saying that "it would be virtually impossible to create a set of words that doesn't produce enormous gaps in coverage...".

In relation to pollution, the risk manager's role is to con-

trol all pollution exposures and he should make no distinction between "gradual" and "sudden and accidental" pollution. As insurance is not widely available for pollution which occurs gradually over time, there already exists an enormous gap in coverage.

Cologne Re would like to see UK insurance companies excluding pollution from the premises section of general liability insurance policies and specifically including it in a pollution section or separate stand-alone environmental impairment liability policy. Such cover would not be restricted to "sudden

and accidental" pollution, but would provide coverage on a site-specific basis for all unexpected pollution other than pre-existing pollution or pollution resulting from normal undisrupted operations and would respond on a "claims made" basis.

With this approach, policyholders would enjoy more certainty about what is covered by their insurance policies. P.N.E. Ceuvorst, casualty underwriter, The Cologne Reinsurance Co, Cologne House, 13 Haydon Street, London EC3N 1DB, UK

A talent for coining a Euro-currency name

From Mr Ernest Lamers, Sir, After Mr Romano Subiotto's proposals for a name for the new single currency (Letters, October 3) I hesitate to come forward with an alternative suggestion.

To look to one of the founding fathers of the European Union, Jean Monnet, is undoubtedly a good idea. But it

seems to me that perhaps it lacked somewhat in geographical scope and historical perspective. Should we go back a bit further to our common roots in ancient Greece and classical Rome?

In those times there was a currency that certainly could be considered as hard - in fact, it was worth some 26kg of sil-

ver, with a name that is easily pronounced in all languages and which has an undeniably up-beat connotation.

Mesdames, messieurs, ladies and gentlemen, meine damen und herren, I give you the "Talent". Ernest Lamers, 26 rue des Genêts, L-1811 Bridel, Luxembourg

The ancient Greeks had the best answer

From Mr Peter Beck, Sir, The recent articles on the fallibility of forecasters and your leading article ("Economics as futurology", October 5) show yet again that Apollo's curse is still upon modern forecasters. It will be recalled that

in Greek mythology, Apollo gave Cassandra, King Priam's daughter, the power to foresee the future, but later cursed her that no-one would believe her.

That is why so often consensus forecasts prove to be wrong and some maverick forecaster,

ignored and perhaps vilified by the rest, can get it right. Perhaps the ancient Greeks knew more about human behaviour and feedback than we today.

Peter Beck, Stone House, The Green, Frant, Tunbridge Wells, UK

It goes more PLACES, more ECONOMICALLY,

with more PAYLOAD

and more ROOM

than its JET COMPETITOR. And ALWAYS has.

King Air B200

What's more, it's a Beech. We're talking, of course, about the King Air B200. This is an airplane whose utility and capabilities strike fear in its jet competitors. And with good reason.

The King Air B200 is more fuel efficient. It takes off from shorter runways and carries considerably larger payloads in a significantly larger, and more comfortable cabin.

You'll also appreciate the fact that the King Air B200 is a proven, reliable performer. Day in and day out, over long trips and short hops, the B200 has shown its worth as an executive aircraft, corporate shuttle, even a critical care medical transport.

Little wonder then, that King Airs have outsold jet competitors by an almost two-to-one margin. Or that they've compiled a record of 19 million flight hours. Offering even more proof of King Air's reliability and versatility.

And, since the B200 is a Beech, owners receive some additional benefits. Such as a 60-year tradition of crafting airplanes of the highest quality. And a service and support network larger than any other in the world.

For more information about the multiple talents of the King Air B200, contact the Beech distributor nearest you, or Raytheon Aircraft Marketing, Wichita, Kansas, U.S.A. 316-678-7072. Fax: 316-678-8898. Telex: 260093 (BEECH).

Raytheon Aircraft

Beech
Bancor

King Air B200 Sales
Cablefax Service 15
Phone: (316) 751-7000
Fax: (316) 751-7001

Representative Verticeal de Service Clientel
King Air Germany
Phone: (49) 201 17070
Fax: (49) 201 17071

Beech Italia Berlin
Sofia, Germany
Phone: (49) 30 4912121
Fax: (49) 30 4912125

Representative Verticeal de Service Clientel
Beech France
Phone: (33) 1 47 00 25 35
Fax: (33) 1 47 00 25 36

Representative Verticeal de Service Clientel
Beech Spain
Phone: (34) 91 40 00 00
Fax: (34) 91 40 00 01

Representative Verticeal de Service Clientel
Beech Portugal
Phone: (351) 21 70 00 00
Fax: (351) 21 70 00 01

Representative Verticeal de Service Clientel
Beech Ireland
Phone: (353) 1 47 00 00
Fax: (353) 1 47 00 01

Representative Verticeal de Service Clientel
Beech Switzerland
Phone: (41) 22 70 00 00
Fax: (41) 22 70 00 01

مكتبة الأصيل

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Monday October 9 1995

Bosnian
Realpolitik

The world should hold its breath at midnight tonight to see whether the guns fall silent in Bosnia. Ceasefires have come and gone before. This time, however, there may be a real chance for peace because, for the first time since the war began, none of the parties seriously expects to achieve more on the battlefield than at the negotiating table.

All previous peace plans required big territorial concessions from the Bosnian Serbs, which they were unwilling to make. The Bosnian government, knowing this, did not take the plans very seriously, accepting them only to buy time and international support so that it could redress the military balance.

In August, a new military balance was established by the Croatian blitzkrieg in Krajina and the joint Croatian-Bosnian offensive in north-west Bosnia. As a result, the division proposed by the Contact Group (49 per cent of Bosnia for the Serbs, 51 per cent for the Croats-Muslim federation) now corresponds roughly to shares already held. That makes the latest US peace initiative, based on the same division, more credible than its predecessors.

Any hope of lasting peace rests on the fact that both the main parties are acutely dependent on external support, and that their respective backers now seem ready to cut a deal. Serbia's president, Slobodan Milosevic, has set clear limits to the support Bosnian or Croatian Serbs can expect from Belgrade. Croatia's president, Franjo Tudjman, who controls the flow of weapons to the Bosnian

government and whose forces are the only ones capable of seizing much territory from the Serbs, has no reason to risk jeopardising his gains by a further offensive.

The US administration is now decisively involved in the peace process and will discourage any attempt by the Bosnian government to undermine it. The wild card remains the risk that Bosnian Muslims will ignore this, relying on the US Congress for continued support.

This peace, if it happens, will be easy to attack on moral grounds, based as it is on de facto partition and acceptance of "ethnic cleansing". It will also be very hard to negotiate. The Bosnian government and the US will do their best to breathe some reality into Bosnia's fictional unity, while the Serb and probably also Croat leaderships will seek to consolidate partition. Muslims and Serbs also have territorial demands, even within the proposed percentages.

Yet there is no credible alternative in sight. In the long, translucent argument over the handling of this war, both sides have been proved right. The Europeans were right to say the balance of forces could not be changed by air power alone. The US was right in thinking it could be changed by a combination of air power with properly equipped local ground forces - only it turned out those forces were Croatian not Bosnian. While European and US politicians argued themselves hoarse about the arms embargo on Bosnia, the US administration quietly violated the embargo on Croatia with ultimately devastating effect.

Time to cut

The ministers and central bank governors of the Group of Seven leading industrial countries are in confident, almost complacent, mood. Meeting in Washington this weekend, they welcomed the "orderly reversal" in currency movements following their April meeting and agreed that "in most countries conditions for continued growth and employment gains are in place and inflation is well under control or declining".

Yet they did single out one area, fiscal policy, for action, emphasising "that further substantial deficit reduction over the medium-term... is essential". Why they were right to do so is explained by a lucid analysis of savings, investment and real interest rates in the group of 10 - or rather 11 - published this morning.

The study concludes that the real rate of interest has risen by about a percentage point, to 4 per cent, over the past 35 years - principally because of a decline of about 5 percentage points in the national savings rates of the G10 countries. The main explanation is a reduction in their public savings, but social insurance coverage, including provision of unfunded public pensions, has also lowered private savings.

At 4 per cent real interest rates, a pound 25 years from now is equivalent to less than 40 pence today - a strong inducement to "short-termism". High real interest rates also dig debt traps. It is

little wonder that the ratio of the net public debt of the G10 countries to gross domestic product doubled, to 41.3 per cent, between the 1970s and 1994. When real interest rates are much above the rate of economic growth, a government must run a significant primary budget surplus (revenues, less non-interest expenditures) if the debt ratio is to be stable. But only five members of the G10 ran primary budget surpluses in 1994.

Countries with poor records on inflation pay interest-rate premiums against the risk of high inflation. But the integration of financial markets spreads the effects of fiscal deficits across borders. Moreover, the main global problem has been the fiscal sloppiness of industrial countries. The net impact of emerging economies on the global demand for capital has been relatively minor.

Reductions in fiscal deficits are urgent. The aim, suggests the study, should be to lower the ratio of debt to GDP in normal times, which would allow countries to accommodate adverse shocks. Moreover, it is public spending that should be cut, since the positive effect on national savings would be greater than that of higher taxes. Action should also be concerted, because otherwise each country is tempted to exploit the frugality of others. Long-term co-ordination of this sort is a better role for the G7 than short-term fine tuning.

A serious blow

The defection of the Tory MP Mr Alan Howarth has ensured a dismal start for this week's Conservative conference in Blackpool. It marks the first time that a sitting Conservative MP has switched directly to Labour. The implications stretch well beyond the reduction in Mr John Major's fragile parliamentary majority and the immediate, acute embarrassment for the prime minister as he begins to shape his general election campaign.

Mr Howarth's announcement underlines once again how Mr Tony Blair is changing the terms of trade in British politics. It offers a potent warning to the government of the dangers of abandonment to Labour the political centre ground. If he is to re-establish a credible chance of winning the election, Mr Major must ignore the voices in Blackpool this week calling for a lurch to the right.

Mr Brian Mawhinney, the party chairman, characterised Mr Howarth's decision as eccentric. Mr Howarth's private offer of a still harsher judgment on Mr Howarth's state of mind and motives. But such personal attacks serve only to underline the confusion in the government.

Mr Howarth has long made no secret of the fact that his views were out of tune with many of the government's policies, and he has probably moved further to the left than most of his colleagues in the party's One Nation tradition. There were few signs yesterday that his announcement will open the floodgates to a spate of similar desertions.

Among colleagues, however, he is regarded as both thoughtful and intelligent. More than would admit it publicly, he has a basic argument that the Conservatives should combine a necessarily hard-nosed approach to economic management and free markets with a deeper commitment to social cohesion and a more generous attitude to the disadvantaged. His analysis that the government appears listless and lacks strategic direction is still more widely shared on the Tory back benches.

Mr Major is likely to have a different message in Blackpool. The noisiest demands of party activists will be for cuts in public spending and taxation, a harsher regime for criminals and a more sharply sceptical stance in Britain's relations with Brussels. Ministers are set to respond with what they promise will be an unprecedented raft of popular initiatives. The prime minister, however, should not mistake the mood of the conference for that of the nation.

There is an important debate to be had in British politics in the run-up to the election: about the size of the state, about the remit of government, about reform of the welfare system and about Britain's role in Europe. But the Conservative party will engage effectively in that debate only if it gets out a clear-sighted vision from the centre-right of politics. During the 1980s Labour tried to run successive elections from the left: it abandoned Middle England and lost. If Mr Major moves too far to the right, he will make the same mistake. The beneficiary will be Mr Blair.

Like the litter now piling up on top of Paris dustbins which have been sealed to prevent terrorists using them as bomb receptacles, Mr Alain Juppé, the prime minister, has a mess of problems sitting on his desk.

These problems - personal, political, economic - have reached that worrying stage where they have begun to interact.

On Friday, the Bank of France had to take the macro-economically unwelcome step of tightening lending to stem the franc's slide, caused chiefly by rumours that a housing scandal might force the prime minister to resign.

To try to head off a legal probe of allegations that, as a past deputy mayor of Paris, he acted improperly to house himself and his family cheaply and lavishly at the city's expense, Mr Juppé promised on Friday to move himself and his children out of their Paris flats.

To gaulist MPs worried about his government's general lack of achievement in its first five months, Mr Juppé also pledged over the weekend to "improve myself".

But this week will bring little respite. French unions will tomorrow stage their biggest one-day public-sector strike for 10 years. They are protesting at Mr Juppé's plan to freeze public pay rates next year and are clearly emboldened by the plummeting popularity of Mr Juppé and of Mr Jacques Chirac, the president.

The strike will hardly cheer the financial markets, whose confidence in the Juppé government's unity and firmness of purpose had already been shaken. In late August came the stormy departure of the free-marketier Mr Alain Madelin from the finance ministry. Last month, first brought public wavering over deregulation of France's Telecom, and then a draft budget for 1996 that postponed all real tax and welfare reform to 1997.

Subsequently Mr Jean Arthuis, the new finance minister, has been at odds with Mr Juppé over staff appointments and, more important, over whether to continue a special government subsidy to car buyers. In the event, despite proclaiming public spending stringency, Mr Juppé got his way as usual.

The slowness of change in France, which has more of a tradition of periodic revolution than continuous reform, is now proving a handicap. The country is having difficulty in changing both its public finances and ethics fast enough to satisfy the international creditors and investors on which it increasingly depends. The power of the latter was ruefully acknowledged at the weekend by Mr Juppé who complained to gaulist MPs at the weekend about "ces gnomes de l'ombre" (these gnomes in the shadows),

Alain Juppé faces a tough week as his personal and political problems mount, says David Buchan

No shelter from
the storm

which some willingly misheard as "ces gnomes de l'ombre" (London).

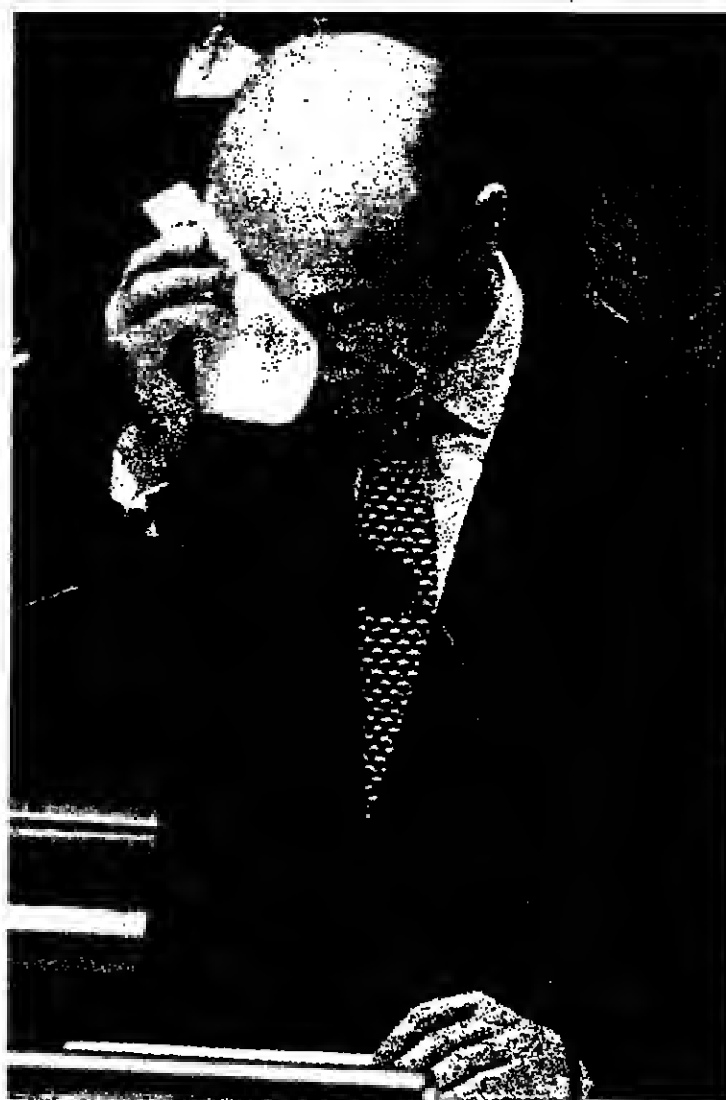
The recent wave of judicial probes into French companies has perhaps somewhat injured French, if not foreign, public opinion to corruption allegations, partly because they have so far caused few heads to roll. After being put under formal investigation for corruption, Mr Pierre Suard had to leave Alcatel, but that was because the judge forbade him contact with Alcatel, and there are about a dozen top French businessmen who, despite being investigated by magistrates, are still running their groups without serious effect on their share prices.

By contrast, the markets have rightly spotted the dire consequences of - and it is still a very big if - Mr Juppé is formally investigated for allegedly abusing his past municipal position for private gain. The principle that ministers must resign if a magistrate or prosecutor subjects them to formal investigation was started with Mr Bernard Tapie under the Socialists, and was continued by former gaulist prime minister Edouard Balladur, who lost three ministers that way. Mr Chirac reaffirmed the principle during his election campaign, and could hardly condone an exception for Mr Juppé.

In this light, it is odd that nearly four months elapsed between the original revelations by the Canard Enchaîné, the satirical weekly, about the Juppé family's housing arrangements and the prime minister's announcement that he and his children were moving out of their controversial flats. But Mr Juppé evidently felt little urge or need to end a tradition dating back to the 1860s.

At the behest of Baron Eugène Haussmann, the city of Paris bought property in the area of Mr Juppé's present-day flat with a view in pulling it down to do some boulevard-extending. Along came the 1870 Prussian invasion and the Paris Commune revolution, and the city found itself too broke to do anything but hang on to the flats and rent them to those who chose.

It is perhaps probable that Mr Juppé will now avoid any formal investigation, although the Paris prosecutor has still to rule on this.



Under pressure: Alain Juppé pledged at the weekend to "improve myself"

But he is still considered to have acted too tardily to avoid damage to his political reputation.

The change of "too little, too late" has, however, been levelled even more widely at Mr Juppé's economic programme, aimed at restoring France for European monetary union by reducing its total deficits to 3 per cent by 1997, from slightly

above 5 per cent this year. So late has this challenge been left that it is now enormous. It not only involves reducing the budget deficit by 10 per cent or more in each of the next two years and halving the social security deficit in 1996 before wiping it out in 1997, but also the biggest change for 50 years in the way French welfare is funded. This

requires shifting the bulk of welfare funding from payroll levies to a strengthened tax base.

Not surprisingly, Mr Juppé feels he needs time to pave the way for such reform. But time is his most precious commodity. His critics complain he is using too much of it in launching a "grand national debate" this autumn on tax and welfare reform which will only result in legislation next year.

To those like Mr Jean Gandois, president of the Patronat employers' federation, who have accused the government of cowardice in tackling spending, Mr Juppé has pointed to his decisions in the 1996 budget to cut military spending and public pay. But the defence budget cuts, bearing mainly on equipment, are relatively minor this year, awaiting big programme decisions next year, while the 1996 total wage bill for the civil service and public sector will in fact grow by 3.2 per cent. This is mainly because of the carry-over effect of this year's pay rises.

It therefore seems perverse of the unions to strike on Tuesday, particularly when they admit that since the 1982-83 recession, public-sector wages have outpaced those in the private sector. But public-sector workers claim that over a longer period, they have lost ground to their private counterparts, which they now need to make up.

They also have wider worries. One is that if they do not take a stand on pay, the government will move to increase their pension contributions and reduce their pension benefits as it did for private employees in 1993. Another concern for public utility workers is that the government will give in to pressure from Brussels for faster deregulation of France's Telecom, Electricité de France, Gaz de France, and the SNCF railways. Finally, some unions, notably Force Ouvrière, are dead set against any radical change in the social security system which at present they co-manage with employers.

If he can weather his own potential judicial hazards, Mr Juppé is probably tough and capable enough to rise to these challenges. What he and the country need, however, as an absolute minimum is two years of reasonable economic growth, unhindered by extraneous monetary crises.

The Bank of France publicly and privately endorses his deficit-cutting strategy as credible, and will clearly seize on the first chance to lower interest rates again. France has shown, through its handsome trade surplus, that it can - just - afford to pay an interest rate premium for hanging on to the D-Mark. It may, however, be unable to pay any extra premium for hanging on to Mr Juppé.

Caught in the long shadow of slavery

Opinion polls reveal a startling difference in the way white and black Americans reacted to the O.J. Simpson trial: more than 60 per cent of whites thought Mr Simpson was guilty as charged while fully two thirds of blacks were convinced of his innocence. Given a perceptual chasm of this magnitude, his acquittal at the hands of a predominantly black jury was perhaps inevitable.

Yet I was still surprised by the scenes of elation that greeted his release. A picture in the Washington Post showed female law students at Howard University - a black institution - in a state of near-ecstasy. Why did they feel this way about a man who, at the very least, is a wife-batterer? Why was gender so much less important than race?

One possible answer focuses on black distrust of the criminal justice system. Nearly a third of black men aged 20 to 29 are reckoned to be in prison, on parole or under some other form of judicial supervision. This compares with 7 per cent of whites and 13 per cent of Hispanics. Many blacks do not believe such a discrepancy merely reflects differing propensities to commit crimes. The black incarceration rate

is soaring, they believe, because police and prosecutors pursue blacks more vigorously than other racial groups.

There is some evidence, reported in the Wall Street Journal last week, that predominantly black inner-city juries are responding by refusing to convict black defendants in phenomenon known as "jury nullification" they ignore the evidence and acquit defendants to signal their broader distrust of the judicial system. Some pundits regard the Simpson verdict as just the most visible symptom of this trend: in the minds of many blacks it was not Mr Simpson who was on trial but the Los Angeles police department. The jury reached the right conclusion - that the police are not to be trusted.

But while distrust of the judicial system certainly played a role, it was not the whole story. Attitudes toward the trial reflect a deeper racial divide. Blacks have made progress since the passage of civil rights legislation in the early 1960s. They are graduating from college in ever greater numbers and starting to penetrate prestigious professions such as medicine and law. Black women, in particular, are closing the income gap with white women.



MICHAEL PROWSE
ON AMERICA

Yet the overall picture is less encouraging. Segregation remains a fact of daily life. Blacks and whites still live in different residential areas; 70 per cent of black children attend predominantly black schools, not far short of the percentage in the late 1960s. Blacks are three times as likely to live in poverty as whites and twice as likely to be unemployed. They earn only two thirds as much as whites. Two thirds of black children are born out of wedlock against about a quarter of whites. Blacks are 13 per cent of the population, yet account for a third of AIDS cases.

The discrepancies puzzle social scientists. The great strength of American society is supposedly its ability to assimilate peoples of

every conceivable race and background. Waves of immigrants - Irish, Italian, Jewish, Latin American and Asian - arrived with nothing. Each group faced discrimination and hostility at first, yet managed to prosper within a few decades. Why, then, do so many native-born blacks fail to realise the American dream?

One recently mooted explanation is that blacks lack "social capital". In his book *Trust* (Free Press, New York, \$25), Francis Fukuyama of the Rand Corporation argues that blacks do poorly relative to other groups not because they are mistrusted by whites but because they mistrust each other. He points out that minority groups typically form tightly knit and supportive communities. Asians, for example, frequently pool savings in order to support fledgling entrepreneurs and provide informal welfare services for families down on their luck. They also deal with delinquent teenagers before they reach the criminal justice system.

Blacks do much less to help each other. Indeed, Mr Fukuyama argues that the black underclass is one of the most atomised societies in human history. The blame can hardly be placed on traditional African culture which embeds individ-

als firmly within a supportive social group. It lies instead, he suggests, with the system of slavery endorsed by America's revered founding fathers. This evil institution "did more than rob African-Americans of their individual dignity; it robbed them of their social cohesiveness as well by discouraging co-operative behaviour".

Mr Fukuyama's thesis is but one of countless possible explanations for the relatively poor economic performance of blacks. But there is something plausible in the notion that blacks are adrift because they have lost their own culture, yet cannot bring themselves to embrace the competitive individualism of the wider society. Such alienation could easily explain the sharp racial divide revealed by opinion polls as well as the smouldering resentment blacks feel for the whites who created their community.

The cultural explanation suggests there can be no "quick fixes". Blacks hold their future in their own hands. They have to build the communal support mechanisms that stand other minority groups in such good stead. And they have to reconcile themselves to the capitalist values of a society that, given a free choice, they might never have chosen.

OBSERVER

Pulled up by
the bootlaces

■ Add Tom Bata, whose family controls the eponymous shoe company, to the list of forceful entrepreneurs who cannot bear to loosen their grip. Bata, now in his early 80s, has seen off the company's first non-family chief executive, as well as the chief financial officer and top marketing man.

All three joined Bata less than 13 months ago, in the hope of being allowed to reinventorise the paternalistic shoemaker, which has factories and shops in more than 60 countries.

Tom Bata was expected to spend more time on the tennis court and doing good works in his native Czech Republic, which he fled in the 1930s, after he named Stan Heath as chief executive. But the old man still keeps an office at Bata's Toronto headquarters and - according to one former executive - "he's somewhere in the company every day".

Bata appears to have convinced outside directors on the company's main board that Heath's proposed sweeping changes were too much for the family to swallow.

Heath and his colleagues hoped that these outsiders, who include

former bosses of Volkswagen and Royal Dutch Shell, would support them. They didn't.

As one executive puts it, Tom Bata "is a charismatic personality who exerts an awful lot of personal authority".

A lighter touch

■ Sparks are flying in the compact but ferociously competitive disposable lighter industry. René Frigiere, 47, has been snapped up by Bic, the market leader, after resigning from Swedish Match, the Volvo subsidiary and Bic's arch-rival.

Frigiere, who worked for the Geneva-based lighter maker for 17 years, and latterly was head of research and development, apparently felt that his talents were not fully appreciated there. He hopes to have no such trouble at Bic, the French group - where his first few weeks with the company are being spent in deep debriefing.

Benson hedges

■ No wonder the punchiest speech at a seminar last week about the royal yacht Britannia was made by Peter Benson, head of privatisation at Coopers & Lybrand.

"Are Greek accounts reliable?" was Benson's title. As the Britannia steamed out of Piraeus bearing Greek government officials and British bankers, Benson launched an impassioned plea for Greek companies to exercise greater compliance with international accounting practices.

He spoke from the heart. In 1990 Coopers was hired by the Greek government to carry out an audit of Olympic Airways, the struggling state carrier; the airline's accounts department hadn't produced a balance sheet for several years. Despite persistent lobbying, Coopers has yet to receive a drachma in payment.

Fuzzy logic

■ There's nothing quite like the warm, fuzzy feeling got from the winning of an international gong.

Euro money's finance minister of the year award has just been bestowed upon Roberto De Ocampo, finance minister of the Philippines. The former World Bank official was congratulated for his "healing touch," for having "cured inflation," and for having generally transformed the economy.

How cruel, the vagaries of economic indices. Within days of being thus singled out, the Philippines' inflation leaped from

8.4 per cent to 11.8 per cent, while the stockmarket fell two per cent. Unkind souls began muttering about the government's economic strategy.

Maybe the award itself is jinxed? The 1988 title, for instance, went to former UK chancellor Nigel (now Lord) Lawson - at the height of the infamous boom that bears his name and a year before he left office.

De Ocampo must owe be wondering if he dare attend Euro money's Washington awards ceremony tomorrow and thereby, perhaps, kiss farewell to all hopes of a speedy return to single-digit inflation.

Hopping mad

■ Promising a crackdown on alcohol advertising on TV, Turkey's government regulators have ticked off Marmara Beer for commercials that supposedly encourage excessive alcohol consumption. The government's Anatolia agency said the bureaucrats have warned that "every broadcasting company should be sensitive to this issue because of the increasing number of drug addicts and alcoholics in Turkey".

Hold on a minute. Marmara Beer markets itself as Turkey's leading non-alcohol brand. Zealous beasts, watchdogs.

Financial Times

100 years ago

Mrs Langtry's jewels. Bankers are watching with great interest the course of Mrs Langtry's claim against the Union Bank for the value of the jewels alleged to have been abstracted from the institution's safe-keeping by means of a forged order. The case is of considerable interest on its own account, but its chief importance lies in the fact that it will settle, if brought to trial, some essential points in connection with the deposit of valuables in banks.

Banks accept custody of valuables at the owner's risk. They do not investigate the contents. It is alleged that somebody wrote on Mrs Langtry's notepaper a cleverly-forged order and thus obtained from the bank the box of jewellery. Is the bank liable for the value?

It must be kept in mind that the bank received into its charge merely a box. What it contained was in Mrs Langtry's knowledge, but not in the bank's. A box might contain nothing more than a half-brick, but asserted to be crammed with diamonds and it seems unfair that the bank should have to stand up to be shot at in this manner.

Nordic nations seek to join EU Schengen area

By Emma Tucker in Brussels and Hugh Carnegie in Stockholm

Norway and Iceland, which have long resisted the embrace of the European Union, are seeking to stretch Europe's frontier-free zone to the north by joining the Schengen agreement.

The EU is a stickler for rules and regulations, and the Schengen Treaty says only EU members need apply. But it seems exceptions could be made to preserve the Nordic Passport Union, which has made Norway, Finland, Sweden, Denmark and Iceland a frontier-free zone of their own for four decades.

The problem is that, as non-EU members, Norway and Iceland cannot become full members of "Schengenland", as it is known in Brussels.

But without Norwegian and Icelandic participation, EU members Sweden, Finland and Denmark face an awkward dilemma.

The three would like to join the Schengen pact, whose current members are France, Germany, Belgium, the Netherlands, Lux-

Norway and Iceland aim to stretch border-free zone to north

embourg, Spain and Portugal. But to do so, an external EU frontier would have to be erected along the thinly policed Swedish-Norwegian border, which in some places runs through villages, farms and even the back gardens of private houses.

"It would be totally out of the question to create such a frontier with Norway," according to Mr Anders Olander, Sweden's chief negotiator on Schengen.

The formula, according to Belgium, which holds the Schengen presidency until the end of the year, would be to give Norway and Iceland "active participation" in all Schengen debates, but no right to vote.

"Does this mean that Norway and Iceland would lose some sovereignty?" said a Belgian official. "I think not. Denmark, Finland and Sweden have a great loyalty to their Nordic partners and would seek to look after their interests."

The Nordic countries are keen to join the Schengen pact even though the present members have still to sort out their own differences.

Belgium has condemned France for maintaining border controls, while other members have been irritated by the lack of co-operation from French police.

Discussion will intensify later this month at a meeting of the Schengen executive committee in Brussels.

The first task will be to measure the willingness of other Schengen members to accommodate the Nordic countries.

So far, Schengen members appear co-operative. But once political agreement is reached, work will have to begin on the more technical aspects, such as cross-border police co-operation, a common visa policy and linking Norway and Iceland to Schengen's central intelligence network.

Algerian bombers say Chirac knew of their role

By Andrew Jack in Paris

President Jacques Chirac received a letter two months ago from the Algerian GIA. Armed Islamic Group claiming responsibility for terrorist bombings in France since late July, it emerged yesterday.

In the first formal claim for the attacks to be taken seriously, the GIA said in a statement to a Cairo news agency that its current campaign of violence would continue "until Islam can conquer France by willingness or by force". It said it had written to the president in August.

Investigators suggested that an additional explosion which occurred early yesterday on a railway line in the Paris suburb of Marly-le-Roi was unrelated to the other attacks. They said the explosives, packed into a fire extinguisher and detonated manually, were not intended to kill, unlike the gas canister bombs packed with nails and bolts used with timing devices in most of the recent attacks.

There have been at least eight bombings or terrorist attacks in France since July 25, including more than 100 people since seven people died in an explosion on an RER commuter train in central Paris on July 25.

The wave of bombings - along with the controversy over nuclear testing and handling of the country's economic situation - has burdened the first few months of the government appointed by Mr Chirac.

Meanwhile, two anti-terrorist judges were assigned to investigate the bombing on Friday night outside the Maitland Blanche metro station in Paris which injured 13 people and bore the hallmarks of the other recent attacks.

A telephone caller to a French radio station claimed on Friday that the Maitland Blanche bombing was carried out on behalf of the "GIA general command". The caller paid tribute to Mr Khaled Kelkal, the young Algerian suspected of links to several of the bombings, who was shot dead by gendarmes just over a week ago.

The claim by the GIA on Saturday, which some French police sources said had been authenticated, criticised France's policy of support for the military-backed regime ruling Algeria.

The GIA said it had already sent a secret letter to Mr Chirac on August, asking him to convert to Islam and giving him a chance to reconsider the country's position with Algeria, but he refused.

The Elysée Palace, the president's office, refused to comment yesterday on the letter. But in a move which may further irritate the GIA, it emerged that Mr Chirac intends to meet General Liamine Zouari, the president of Algeria, in New York this month.

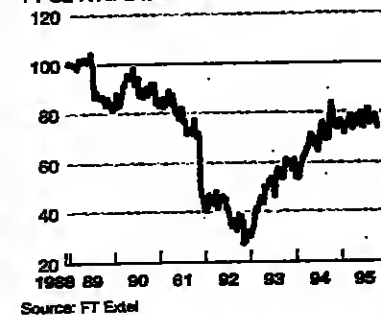
No shelter from storm, Page 21

THE LEX COLUMN

Goodbye gearing

British Steel

Share price relative to the FT-SE-100 All-Share Index



Source: FT Data

fitted from a weak lira, since one-third of its production costs are in Italy. A reversal would hurt Gucci as it tread a fine line in pursuing sales volumes without cheapening its brand name. It is also dependent on consumer spending trends. Nonetheless, sales per square foot more than doubled last year, despite continuing recession in Europe. Post-flotation, Gucci will be debt free and poised to build up Asian sales, where it has far lower exposure than competitors such as Louis Vuitton. With Asia the fastest growing market for luxury goods, Gucci's catch-up potential is large.

The issue price has not been fixed. But at the middle of the stated range, Gucci would be trading on a racy 17 times expected earnings for the year to January 1997. Nonetheless, it looks sober by comparison with other luxury listings such as Hermès and Bulgari. Investors should do well, at least until Investcorp decides to part with its remaining 70 per cent stake.

European steel

The outlook for Europe's steel industry has turned rusty. While volumes are holding up, prices of hot rolled coil, which accounts for 60 per cent of total production, have started to weaken. With six weeks of excess stock in the pipeline, France's Usinor Sauter and Belgium's Cockerill-Sambre have already cut production and Germany's Thyssen is expected to follow. British Steel has decided to step up deliveries instead, but its order book is patchy.

This all suggests the steel cycle peaked this summer - 12 to 18 months earlier than investors had been led to expect. The industry, led by British Steel chairman Mr Brian Moffat, has argued that the next downturn will

not be as damaging as the last. Not only have costs been cut, but privatisation of Usinor and others has led to a more commercial marketplace. However, a look at the US, where mini-mills like Nucor have cut prices of hot rolled coil by 20 per cent in six months, suggests the cycle will be as severe as ever. Ford, for instance, is already threatening to import American steel to its European plants.

If profits fall in 1996, steel stocks do not look as cheap as current multiples suggest. Usinor and British Steel may be on for four to five times this year's earnings, but these could jump to 12 to 15 times within two years. British Steel's executive directors may have cashed in four fifths of their share options in July.

Unipart

Cynics may say that employee capitalism is the dream of dewy-eyed liberals. But Unipart, the UK automotive parts distributor which is 46 per cent owned by employees, is at least one counter-example. Since its management buy-out from Rover in 1987, it has introduced an innovative shop floor ethos which is bringing results. Managers teach at "Unipart University" where staff learn the latest production processes. A computer complex has been built for employees to explore delivery and production improvements. The result? Production time and costs have been cut significantly. Unlike NCF, the transport group which had similar ideals, Unipart has gone from strength to strength.

All this makes Rover's attempt to regain control of the company worrying. True, Unipart's main business is the distribution of Rover parts, so there is some logic in combining the operations. Most other car manufacturers own the companies that distribute their parts. Nevertheless, there is a trend against such vertical integration. For example, Fiat and Chrysler are contracting out distribution to focus on core operations. Moreover, even without owning Unipart, Rover still has considerable control through its contracts over matters such as pricing its parts.

A Rover takeover would eliminate employees' share in Unipart's success, threatening its highly-productive ethos. One hopes Rover will not use strong-arm tactics to make it succumb and that institutional investors, which hold the balance of shares, will not sell employees' interests short.

Defection deals severe blow to UK Tory party conference

By Robert Shrimley, in London

Mr Alan Howarth, the UK Conservative MP who is joining the opposition Labour party, said yesterday that up to 40 Tories shared his feelings that the Conservatives had moved too far to the right. The defection of Mr Howarth on the eve of the Conservatives' annual conference was a severe blow to Mr John Major, prime minister, and reduces his majority in the House of Commons from nine to seven.

Mr Howarth, MP for Stratford-upon-Avon in the Midlands and a former education minister, is the first Conservative MP to cross the House to the Labour party. He has been a regular rebel in the Conservative party on disability legislation and other plans to cut entitlement to unemployment benefit. He announced his decision to switch parties on Saturday after first approaching Mr Tony Blair, Labour leader, nearly two weeks ago.

His decision shattered the prime minister's hope that he

had finally mastered the delicate balancing act of appeasing both wings of his party. In a masterstroke of timing by Labour's tacticians, Mr Howarth's defection was delayed until it could inflict maximum damage, wrecking Conservative plans to use this week's party conference to relaunch themselves as a united and confident party.

Mr Howarth hoped the conference would be a platform for a number of policy initiatives including a pledge to keep personal and corporate taxes in Britain "the lowest in Europe" and to launch a new drive for a transatlantic single market between Europe and the US. Mr Brian Mawhinney, party chairman, had heralded more new policy announcements than any conference for 10 years.

Cabinet ministers attempted to play down the defection. Mrs Gillian Shephard, education secretary, said it was "vindicative". Mr Michael Heseltine, deputy prime minister, accused Mr Howarth of being "out of touch". Mr Mawhinney urged him to resign and

stand in a by-election - a call Mr Howarth rejected.

Mr Major spoke to Mr Howarth yesterday morning. He told him he was "disappointed" and felt he had "misjudged the mood of the party". The prime minister later issued a statement saying "nothing would distract us from the task ahead".

In a letter to his constituency, Mr Howarth, 51, said the government seemed increasingly divisive and uncaring. He accused it of "arrogance and harshness" and said Labour under Mr Blair was more of a one-nation party and offered far more hope of social justice. He attacked right-wing calls for tax cuts while benefits have been reduced and while teachers were being sacked.

Right-wing demands for "significant tax cuts" in the next Budget were repeated yesterday by the Conservative Way Forward faction.

Centrists flock to Labour leader's banner, Page 6

Milan warrants threaten Italian merger

Continued from Page 1

over of almost £40,000bn. The credibility of Gemina as a vehicle for the takeover has been dented by the revelation late last month of continuing serious losses at RCS.

Limited explanations about the merger, coupled with news of new losses at Gemina and among its subsidiaries, caused a sharp fall in its shares. Since the

merger announcement the shares have fallen 30 per cent to almost £740, while Ferfin has dropped 15 per cent to £350.

Even before Milan magistrates took their action, questions were being raised over whether the share price calculations for the deal remained valid.

This Milan magistrates are understood to be investigating whether the Gemina management was concealing the true

nature of the group's balance sheet, and whether the information released about Gemina in its 1994 and 1995 half year accounts was misleading to the public.

Those at Gemina affected by the warrants are Mr Giampaolo Pirelli, the chairman and head of the Italmobiliare-Italcementi group; Mr Francesco Paolo Mattioli, deputy chairman and finance director of Fiat; Mr Felice Vitali, the managing director.

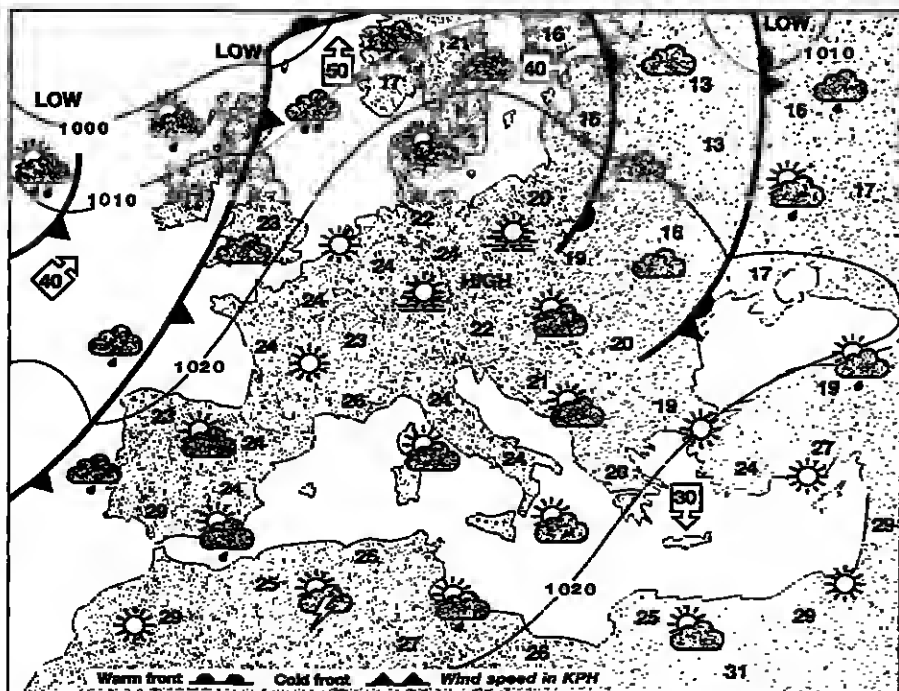
FT WEATHER GUIDE

Europe today

High pressure over central Europe will bring lots of sunshine to western Europe and the eastern UK. It will be warm with afternoon temperatures ranging from 23C in south-east England to 26C in France. However, some places in southern Germany, the Czech Republic and Poland will start foggy with heavy rain in the afternoon. Denmark and Sweden will be warm, with maximum temperatures between 19C-22C. A cold front will cause cloud and flurries of rain in the western UK, but this will be followed by clearing and cooler conditions in Ireland. Southern Europe will have sunny spells, but showers are possible in south-eastern parts of Spain and in Sicily.

Five-day forecast

It will continue to be warm in France and Spain, but a weak front will bring more cloud and slightly cooler conditions to the Low Countries, Denmark, Sweden and Germany. In central Europe, high pressure will persist, causing a mixture of sunshine and fog. The UK will have rather changeable conditions with rain and high winds in the north-west. The south-east will stay mostly dry and mild. The southern Mediterranean, including south-east Spain, will have more showers.

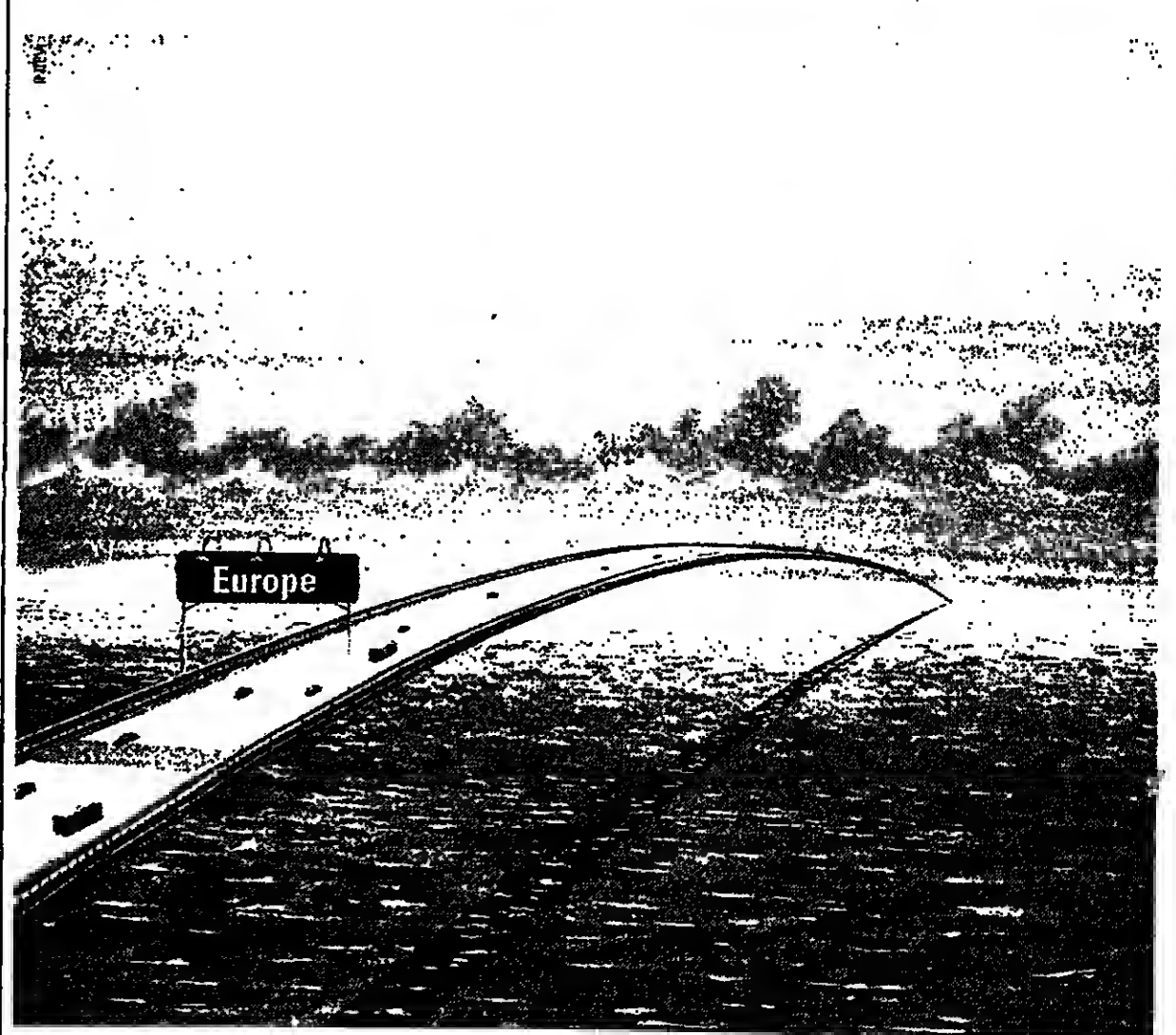


TODAY'S TEMPERATURES

Location	Temperature	Location	Temperature	Location	Temperature
Abu Dhabi	31	Beijing	21	Faro	32
Accra	31	Belfast	16	Frankfurt	20
Algiers	27	Berlin	22	Geneva	20
Amsterdam	22	Bombay	29	Glasgow	16
Athens	21	Buenos Aires	29	Hamburg	16
Atlanta	23	Calcutta	29	Helsinki	16
B. Aires	19	Cardiff	16	Hong Kong	28
Birmingham	22	Chicago	24	London	18
Bombay	29	Cairo	29	Madrid	20
Brussels	24	Dakar	29	Manila	28
Buenos Aires	29	Dhaka	29	Mexico City	20
Cairo	29	Dubai	35	Miami	28
Cape Town	23	Dublin	19	Montreal	16
		Edinburgh	16	Moscow	12
				Mumbai	28
				Nairobi	20
				Nagasaki	18
				Nassau	28
				New York	20
				Nice	20
				Nicosia	20
				Osaka	20
				Paris	20
				Perth	20
				Prague	20
				Rangoon	33
				Reykjavik	16
				Rio	26
				Rome	24
				S. Francisco	22
				S. Jose	22
				Singapore	32
				Stockholm	21
				Sydney	21
				Taipei	21
				Tampere	20
				Tel Aviv	28
				Tokyo	20
				Toronto	18
				Vancouver	14
				Verona	22
				Vienna	21
				Warsaw	22
				Wellington	11
				Winnipeg	16
				Zurich	22

No other airline flies to more cities around the world.

Lufthansa



Global banking made in Germany.

The world is shrinking. Whereas your scope is growing, Theoretically. And practically?

Whenever you wish to make more than just a small move, include the WestLB in your plans. We appreciate global thinking and, as one of Europe's leading banks, we have both the experience and the potential to achieve even exceptional goals - with you. Established as a German wholesale bank, we

offer you all services from one source, made to measure, reliable and, if you like, worldwide. After all, what could be closer to your wishes than a bank with a perspective as broad as your own?

Are you looking for a partner near you? Simply call our automatic fax service in Germany on (+49) 211 9 44 33 70 to request a list of our worldwide network straight away.

WestLB

مكتبة الأصيل